FINANCIAL TIMES

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U.S. takes lead in world banking profitability, Page 25

NEWS SUMMARY

GENERAL

U.S. pulls out some Grenada troops

Almost half the U.S. troops in Grenada are expected to pull out today, eight days after the invasion that followed a coup on the island.

U.S. officials said about 2,300 troops would return to their home base in Ft. Bragg, North Carolina, leaving about 3,000 U.S. troops and 300 men of the Caribbean security force still on the island.

Grenada's Governor Sir Paul Scoon yesterday gave Cuban diplomats 24 hours to leave the island. But they were waiting for the withdrawal of all Cuban troops, which was progressing yesterday. U.S. $3m aid for Grenada, Page 4

In Washington, U.S. Deputy Secretary of State Kenneth Dam told a Congress foreign affairs committee that the Soviet Union, Cuba, and North Korea had signed agreements to provide Grenada with weapons worth $37.8m and military experts.

UK troops in Egypt

British troops were back in Egypt, 27 years after the ill-fated Anglo-French Suez campaign. They took part in manoeuvres with Egyptian soldiers. Only blank bullets were fired.

Canada cuts quota

Canada its cutting it 1984 immigration quota by about 10 per cent, to between 90,000 and 95,000, to protect jobs for Canadians.

Etendards in Iraq

Iraqi Defence Minister Tarek Aziz confirmed that the country had taken delivery of five French Super Etendard warplanes. Page 3

Beirut clashes

Lebanon's army again fought with anti-government guerrillas in Beirut suburbs and the central mountains. Progress in peace talks, Page 4

Guerrillas surrender

Thailand's Government accepted the surrender of about 650 Communist guerrillas and Moslem separatists in the south of the country.

Opposition burden

Singapore high court ordered the bankrupt opposition Workers' Party to pay S$11,000 (U.S.$5,500) in costs after dismissing its defamation suit against a senior minister.

SS man dies

Former Nazi SS officer Albert Ranca, 74, died in hospital in Kassel, West Germany, while awaiting trial accused of murdering over 11,500 Lithuanian Jews.

Tube twins double

Two sets of twin test-tube babies were born yesterday in an Adelaide, South Australia, hospital.

New York amnesty

New York City started releasing 341 prisoners under court order to relieve jail overcrowding. Mayor Ed Koch said "only time will tell what effect it will have on crime."

Briefly...

Seoul: Police used tear gas to break up a student demonstration against President Ronald Reagan's coming visit.

West German bulk carrier Kampen sank off Iceland. Six of the crew of 14 were saved.

Zululand's black university was closed until January because of riots.

BUSINESS

Israel faces 'severe recession'

● ISRAEL'S central bank governor Dr Moshe Mandelbaum says the country is heading for severe economic recession, and Labour Minister Aharan Uzan says it faces mass unemployment. Page 4

● LONDON: FT Industrial Ordinary index edged up 1.6 to 707.8. Some Government securities showed marginal falls. Report, Page 41, FT Share Information Service, Pages 42, 43.

● WALL STREET: Dow Jones index closed up 8.03 at 1,237.30. Report, Page 37. Full share listings, Pages 38–40.

● TOKYO: Nikkei Dow index eased by 6.79 to 9,344.12 and the Stock Exchange index dropped by 0.07 to 685.34, Page 37. Leading prices, other exchanges, Page 40.

● DOLLAR fell to DM 2.644 (DM 2.655), FFr 8.0425 (FFr 8.0775), SwFr 2.15 (SwFr 2.161) and Y234.45 (Y234.8). Its trade-wieghted index held at 127.3. In New York it closed at DM 2.644, SwFr 2.154, FFr 8.045 and Y234.7. Page 47

● STERLING moved in line with the dollar and gained 10 points to $1.4875. It eased to DM 3.935 (DM 3.9475), FFr 11.96 (FFr 12.005), SwFr 3.2 (SwFr 3.215) and Y349 (Y349.25) and its trade-weighted index was down from 84.1 to 83.7. In New York it closed at $1.4895. Page 47. Britain's gold and foreign currency reserves rose by $200m in October due to overseas borrowing by state industries and revaluation of gold holdings. After allowing for these there was an underlying fall of $61m.

● GOLD rose $4.5 in London to $382.125. In Frankfurt it rose $5.75 to $383.25 and in Zurich a $6 rise took it to $383.5. In New York the Comex November settlement was $383.1 ($378.3). Page 46. On the London Stock Exchange, the FT Gold Mines index rose 33.3 to 477.9, recovering recent lost ground. Page 41

● JAPAN is expected to ask the EEC to lift restrictions in imports of video cassette recorders. Page 5

● PAKISTAN plans to relax industrial controls to encourage private sector investment. Page 4

● EUROPEAN trade unions are to campaign for greater access for employees to company information than the EEC is contemplating in its Vredeling directive. Page 2

● HONG KONG banks reduced the prime lending rates by 1½ percentage points to 13.5 per cent.

● UK OIL production from the North Sea has reached nearly 2.4m barrels a day and is likely to average nearly 2.3m b/d in 1983 (1982: 2.06m b/d).

● MARKS & SPENCER, UK stores group increased first-half pre-tax profits 16 per cent to £105.6m. ($157m), Lex, Page 24. Details, Page 28

● SANTOS, Australian oil and gas producer, is to spend more than A$200m ($184m) on 250 exploration wells in the Cooper-Eronaga basin, central Australia. Page 26

● GULF OIL, the U.S. major, says that Mesa Petroleum's plans to reorganise it would be "operationally devastating." Page 24

● INTERNATIONAL Harvester, the debt-laden U.S. farm equipment and vehicle maker, says the four-year slide in the heavy truck market is over and is stepping up production from Monday to reach 20 per cent more in January. Page 4

● COCA-COLA, the world's largest soft drinks company, raised net profits by 6.4 per cent to $152.3m in the third quarter, following an 'exceptional' 12 per cent volume increase in U.S. drinks sales.

Eagle Star accepts record UK offer in effort to thwart takeover by Allianz

BAT bids £796m for insurer

BY JOHN MOORE AND ERIC SHORT IN LONDON

BAT INDUSTRIES, the tobacco giant, yesterday launched Britain's biggest ever takeover bid with a £796m ($1.2bn) offer for Eagle Star, the insurance group. The move is expected to spark one of the largest takeover battles ever waged in the UK financial community.

The 575p per share cash offer by BAT has been accepted by Eagle Star directors, who have been under siege by Allianz Versicherung AG, West Germany's largest insurer, for the last two weeks. Allianz, which holds 29.9 per cent of the shares in Eagle Star, offered 500p per share for the rest of the British insurer's equity. Sir Denis Mountain, chairman of Eagle Star, and his board, were planning to fight the German bid.

In another bid yesterday in the world's insurance markets American Brands, the fourth largest U.S. cigarette manufacturer, announced that it had agreed to acquire Southland Life Insurance, a major U.S. life insurer, for $352m.

In Britain Mr Patrick Sheehy, chairman of BAT, said that his group had approached the beleaguered Eagle Star board two days after it received the takeover bid from Allianz. "We think Eagle Star is well managed and has a good record," he said in London yesterday.

He said that the group had been searching for "appropriate new activities" for the last two years. BAT's investigations "had revealed quite early that financial services were the most promising single sector." Mr Sheehy said that the inherent growth and profit potential of major composite insurance groups, which underwrite both life and general insurance risks, "is high and they are strategically well placed to develop in the way we have in mind."

He said that BAT, which is the third largest company in Britain and has large interests in retailing and paper, would concentrate in the short- and medium-term on expanding in insurance. Mr Sheehy added that the group might take an interest in a stockbroking firm "in the longer term but not next week."

In Munich yesterday, Allianz played the counterbid coolly. The German company is not planning to react immediately and said that it was watching the situation closely. Its London merchant banking advisers, Morgan Grenfell, said that it was unlikely that any further statement would be made this week.

Managers of large British funds with shares in both companies were forecasting a takeover battle, saying that the matter was unlikely to be concluded by yesterday's developments. On the London stock market, shares of Eagle Star rose 57p to 585p while shares of BAT fell 4p to 149p.

Britain's Office of Fair Trading, which decides whether takeovers should be examined by the Monopolies and Mergers Commission, was yesterday still studying Allianz's bid and has only just received notification this week of the new bid by BAT.

For 1982 BAT Industries reported pre-tax profits of £856m while Eagle Star, which ranks as the UK's sixth largest composite insurer, reported £68m.

Since 1981 Allianz has been attempting to gain board representation following its acquisition of a large shareholding. The British group has resisted leaving Allianz with its strategy of expanding into the London market through co-operation frustrated.

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BAT 'rescues' the Eagle, Page 22; American Brands to buy insurer, Lex, Page 24; BAT's acquisition trail, Page 24

Thyssen-Krupp plan for merger fails

BY JAMES BUCHAN IN BONN

THE PLAN to merge the steel interests of the Thyssen and Krupp groups was yesterday declared dead when Thyssen rejected as inadequate Bonn's last offer of financial assistance.

The collapse of the plan, broadly regarded as the most effective means of cutting capacity in the industry on the lower Rhine to meet market demand, leaves the Bonn Government's steel policy in ruins.

It is also a serious blow to Chancellor Helmut Kohl who personally involved himself in its success.

Yesterday's announcement from the Economics Ministry marks the total failure of a government-supported plan, put forward in January, to reduce capacity by merging the five main steel producers into two groups. The second group, which was to comprise Hoesch, Klöckner-Werke and Salzgitter, was stillborn.

The failure also weakens the West German Government in its efforts to force European Community governments and the European Commission to come to grips with the state subsidies which Bonn claims are propping up excess capacity elsewhere in Europe.

Senior Bonn officials yesterday did not conceal their rage at Thyssen's continued demand that Bonn put up an additional DM 1.2bn ($452.8m) as a condition for it taking over the financially-stretched Krupp Stahl.

This demand is over and above aid for the merger of DM 1.5bn already promised as part of a package for the entire industry.

Krupp Stahl, in contrast, insisted yesterday that what Count Otto Lambsdorff, the Economics Minister, termed a "final offer" of DM 500m last week was adequate.

Count Lambsdorff said that the Federal Government would not indulge in favouritism at the cost of other jobs in the industry.

Behind his remarks is the fear that giving in to Thyssen's demands would badly hamstring Bonn in its dealings with the other companies – above all the troubled Arbed Saarstahl, which presents its own state-aided rescue plan today.

The collapse of the merger raises questions above all for Krupp Stahl, which has debts in its books of DM 2.7bn. The two companies are expected to make losses of between DM 1bn and DM 1.3bn this year on their steel operations.

The formal reason for the failure of the merger is the continued difference of opinion between Thyssen and Krupp – eagerly supported by the Economics Ministry and independent auditors – over the valuation of assets.

Thyssen's chief executive, Dr Dieter Spethmann, has demanded the extra government aid to neutralise Krupp's debts and provide start-up help while Krupp has insisted its extra profitability in special steels should be taken into account.

Some observers in the Ruhr were surprised at Thyssen's continued hard line despite the improvement last week in the Government's offer from DM 300m to DM 500m and financial savings from the merger estimated at DM 400m or more in rationalisation effects and DM 1.2bn in spared investment.

Observers suggested that Dr Spethmann had opted for caution at a difficult time and in the expectation that the money would be available anyway.

Bonn has recently stepped up its attacks over subsidised steel produced elsewhere in Europe, which has contributed to the loss of 40 per cent of the West German market to imports.

It now faces, however, the retort that it has signally failed to come up with a German contribution to the over-capacity problem.

Editorial comment, Page 22; Lex, Page 24

Rescue agreed for German private bank

BY JOHN DAVIES IN FRANKFURT

WEST GERMAN banks have stepped in to rescue the old-established private bank of Schröder, Münchmeyer, Hengst with an aid package estimated at well over DM 200m ($75m).

Neither Schröder, Münchmeyer, Hengst, nor the banking authorities, disclosed the precise cause of the bank's difficulties, except to say that they concern dealings with non-banks. The bank is a limited partnership with assets of DM 2.2bn.

Schröder, Münchmeyer, Hengst has a close association with IBH, the construction equipment group, in which it has a shareholding of about 8 per cent.

However, Herr Horst-Dieter Esch, IBH's founder and chief executive, said last night that he saw no problems at IBH or at its Wibau affiliate which would have caused the bank's difficulties. He said IBH was in the process of reducing its losses and had an agreement with its shareholders to increase its capital.

A statement yesterday by the Federal Banking Supervisory Office said it had been agreed by the authorities and the banks taking part in the rescue that SMH's business should not be disturbed by its difficulties. But neither the banks nor the authorities would disclose the scale of the rescue or confirm which banks are taking part.

The rescue operation was agreed at a meeting at the headquarters of the Bundesbank, the central bank, in Frankfurt late on Tuesday night.

Bankers were called to the meeting by the Federal Banking Supervisory Office based in West Berlin, which has the job of supervising the soundness of banks.

Yesterday's statement said other banks would therefore transform their credit lines into subordinated debt while the banking system's common deposit guarantee fund would also contribute aid.

The Federal Banking Supervisory Office and the Association of German Bankers said that, as a result of the agreement, the bank's business would carry on as normal and no depositor would lose money. They said they understood that the Luxembourg subsidiary of Schröder, Münchmeyer, Hengst

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Manila bank under pressure, Page 41; International banking profit league, Page 25

French get 10% stake in Olivetti to seal new links

By David Marsh in Paris

CIT-ALCATEL, the state-controlled French telecommunications and electronics group, together with French financial institutions, will take a 10 per cent stake in Olivetti of Italy, Europe's leading office equipment company, under a wide-ranging industrial and commercial agreement unveiled by the companies yesterday.

In the first major production pact between EEC companies in the office equipment field, the partners are to set up a joint venture factory to produce a new generation of electronic typewriters in France. It is planned to start production in four years' time.

Additionally, CIT-Alcatel – part of the Compagnie Genérale d'Electricite group, nationalised last year – and Olivetti will co-operate on production of office equipment components. Olivetti will also market through its own network Alcatel video-information products, such as its Minitel videotex terminals.

The announcement follows more than a year of contacts between the two groups to hammer out the industrial part of the agreement. Since summer, conclusion of the deal has been held up by haggling over the 33 per cent share of Olivetti's capital, held up to now by companies controlled by the French Government under another series of accords dating back to 1980.

Olivetti insisted on a reduction of this stake as a condition of the electronic typewriter deal.

The French Government has finally given the green light to the sale by the government-owned companies involved – Saint-Gobain and the Bull computer group – of their respective 8 and 25 per cent stakes in Olivetti. Part of these stakes may eventually be sold to U.S. or Japanese telecommunications companies.

At the same time, CIT-Alcatel and French investment institutions – including the state-run Caisse des Depots – will jointly take a 10 per cent stake worth around FFr 450m ($56m).

CIT-Alcatel's direct stake in Olivetti will be around 3 per cent. But it will have voting rights corresponding to the full 10 per cent and will nominate two representatives to the Olivetti board.

At a joint press conference in Paris yesterday, M Georges Pebereau, the CIT-Alcatel chairman, and Sig Carlo de Benedetti, chairman of Olivetti

Continued on Page 24

Sacilor layoffs, Page 3

Early Japanese poll expected in wake of Tanaka affair

BY JUREK MARTIN IN TOKYO

EARLY JAPANESE elections are expected to be called for late December in an attempt to break the political impasse resulting from the Tanaka affair.

Although Mr Yasuhiro Nakasone, the Prime Minister, remained silent yesterday on the issue, Tokyo was alive with authoritive reports that he had told leaders of his ruling Liberal Democratic Party (LDP) that a December election was the only way to clear the political logjam that has paralysed Japanese politics since the Lockheed bribery conviction three weeks ago of Mr Kakuei Tanaka, the former Prime Minister.

The most likely date for a snap election is December 18 or, possibly, one week later on Christmas Day.

The current session of the Diet, (Parliament), due to end on November 16, is likely to be extended for 10 days to permit Hu Yaobang, the Chinese Communist Party Secretary-General, to address the legislators. Sometime in the following week, however Mr Nakasone is now expected to issue formal notification of an election.

Mr Nakasone is not obliged to go to the country until next summer and, according to some reports, would prefer to wait at least until spring, but his hand has been forced by the extraordinary political circumstances of the last three weeks, above all Mr Tanaka's refusal voluntarily to resign his Diet seat, even after a personal approach from Mr Nakasone.

This has produced an Opposition boycott of the Diet (broken briefly yesterday when only the 43 Communist Party MPs stayed away from a speech to parliament by the West German Chancellor, Herr Helmut Kohl), the blockage of government legislation, including a tax-cut bill, and a general souring of the political atmosphere.

As a result, virtually everybody of consequence in Japanese politics now wants an early election: the Opposition, because it believes the Tanaka issue will work in its favour, Mr Tanaka because he expects to be vindicated by his home constituency, and most of the Liberal Democrats because it has both candidates and campaign chests ready to be unleashed.

The course of events over the next three weeks is less easily predictable. It can be assumed that the LDP will continue to try to railroad legislation through the Diet with or without opposition participation and then claim credit for the politically popular parts.

The Japanese preference for consensus rather than confrontation, however, is certain to produce attempts at mediation. Mr Hajime Fukuda, Speaker of the Lower House, failed in one such bid on Tuesday night but is apparently going to try again tomorrow. Another reason to call a political truce is the arrival next week of President Ronald Reagan.

Nevertheless, it is quite likely that the Opposition will conclude there is more mileage to be gained with the public by maintaining its boycott and portraying the LDP as authoritarian and insensitive to national concerns over the Tanaka issue by not permitting the Diet to vote on the motion to oust him. The half-dozen minority parties have rarely before displayed the same cohesiveness of purpose as in the last three weeks.

CONTENTS

Swiss vote on joining Group of Ten delayed

By John Wicks in Zurich

THE SWISS Parliament is to delay deciding whether to join the Group of Ten because of uncertainty about U.S. intentions over enlargement of the General Agreements to Borrow (GAB).

Commissions of both houses of Parliament have recommended in principle that Switzerland should become a full member.

Discussion of the matter will resume in Parliament's winter session. The commissions will then continue to recommend Swiss membership, but the Federal Council (the Swiss Cabinet) will only be empowered to take the necessary steps when it is clear that all Group of Ten countries will participate in the GAB expansion.

The General Agreements to Borrow were first concluded between the International Monetary Fund and the Group of Ten in 1962.

They have since been periodically reviewed, Switzerland joining in as an associate in 1964. The Group's ministers and governors decided last January to raise the aggregate commitments available from some SDR 6.4bn (£4.5bn) to SDR 17bn (£11.9bn) to take effect when all Group countries had agreed by the end of the year. President Ronald Reagan has called the increase unrealistic.

The Swiss Lower-House commission says full membership which would increase Swiss contribution from a maximum SwFr 865m to more than SwFr 2.3bn, should be delayed until the U.S. is ready to join.

Unions call for key changes in Vredeling directive

BY JOHN WYLES IN BRUSSELS

THE EUROPEAN TUC is gearing up for a vigirous lobbying campaign which, while generally supporting the highly contentious "Vredeling" directive on employee consultation, will also urge EEC governments to make key revisions to the European Commission's proposal.

The aim is to reinstate some of the most controversial elements in the first draft adopted by the Commission in 1980. These were dropped from the final version tabled by the Commission in July partly out of deference to the European Parliament's opinion and partly in response to intense lobbying from multinationals at whom the directive is aimed.

The three "improvements" demanded by the unions concern:

● Secrecy. The final draft allows management of multinationals or groups of companies to withhold secret information which, if disclosed, "could substantially damage the undertaking's interests or lead to the failure of its plans."

The ETUC says this would drastically weaken the impact of the proposed legislation. Unions, it says, understand the need for confidentiality and can be relied upon to behave responsibly.

● Access to the parent company. The 1980 draft gave employees' representatives the right of access to the parent, whether established inside or outside the EEC, when local management was not complying with the information or consultation requirements.

The revised version allows employees to communicate with the parent in writing if local management is unable to satisfy the information needs. But it offers no access about issues upon which management is obliged to consult.

● Information obligations. The ETUC wants the list of subjects about which managements must inform their employees extended to include "investment and production plans" and "introduction of new technologies."

Secondary complaints about the final draft recently endorsed by the ETUC executive also include the fact that information has to be communicated once a year instead of every six months, as in the 1980 draft.

The unions are also unhappy about the proposal to have the directive apply to groups employing at least 1,000 workers in the Community. The ETUC says this would exclude medium-sized multinationals and it wants the threshold set at 500 employees.

It is too early to say how much impact the unions are likely to have on member governments. The Council of Ministers has begun examining the draft and employment ministers are due to have their first political debate on the issue here on December 8.

Only the British Government is resisting the directive on principle, but all have strong reservations about various aspects of it.

The discussions between officials have thrown up a raft of technical queries and objections which point to difficulties over reconciling the application of the proposal with the draft fifth company law directive providing for employee involvement in management boards.

Some delegations are also unhappy about the lack of precision in the secrecy requirements. These seem to be nullified by a separate requirement on management to consult employees on the impact on them of "secret" decisions before such decisions are finally adopted.

New peak rises in EEC's surplus mountain range

Greek sultanas may end up in the sea, writes **Andriana Ierodiaconou**

CHRISTMAS CAKE-MAKERS of the EEC, read on and weep. There is a 70,000 tonne sultana mountain in Greece, but little of it is likely to find its way into your favourite Yuletide confection. Most of it will probably be thrown away.

The mountain was formed when two-thirds of a bumper Greek sultana crop for 1981 — the first year of full EEC membership — and part of the 1982 crop were bought up by the Community as unsold surplus. It now lies abandoned and rotting in warehouses in the Athens and Corinth areas.

An attempt to auction it off for distillation into surgical spirits and processing into animal feed earlier this year attracted no buyers. Asked what will be done with it, Greek agriculture officials look gloomy. "We will probably have to dump it into the sea," one said.

The surpluses were a shock for Greece, the Community's only significant producer of sultanas. It had expected to have no problems selling its sultanas in the EEC market. Community countries, led by Britain and the Netherlands, consume an average of 180,000 tonnes of sultanas each year, more than double the average Greek annual production of 85,000 tonnes.

Unwelcome

The surpluses were also an unwelcome and expensive surprise for the Community, which agreed as part of Greece's terms of entry to support the sector by buying up unsold stocks under the same sort of intervention system which has generated butter mountains and wine lakes. The European Commission, concerned about the Ecu 150m (£85m) or so which the Greek sultana support system is costing each year, has proposed a much more limited support system.

The Greek Agriculture Ministry is now locked in a fierce battle with the Community on the issue. Greece is anxious to protect its 300,000 sultana-growers, who relied for half a century before EEC accession on a system of selling their surplus output to the state. The fact that the main producing area is on Crete, a stronghold of the governing Socialist party, adds extra piquancy to Athens' concern.

Affronted Agriculture Ministry officials recite a tale of EEC inefficiency, inexperience and pandering to the interests of a third country producer — Greece's political arch rival whose sultans gave the grape its name: Turkey.

Import levy

They accuse the Commission of allowing Turkish sultana imports to undercut Greek fruit on EEC markets in 1981. The price guaranteed to Greek producers was not protected by any import levy on sultanas from third countries, such as Turkey and Afghanistan.

The Greeks admit that the Commission redeemed itself somewhat last year when, learning from experience, it used a market disruption clause to set such a levy. This allowed all but about 8,000 tonnes of that year's Greek crop to be sold.

But they want much more done to keep sultana-growers happy. Unfortunately, other member states are more reluctant than ever to find money from the hard-pressed EEC budget to offer generous support to Mediterranean farmers.

This is seen in Athens as callous indifference to the fate of their sultana-growers. Normally placid Agriculture Ministry officials argue heatedly that political sympathies for Turkey among some member states are also at play.

Commission officials take a cooler view, while admitting that Turkish sultanas scooped the market in 1981 because of the lack of an import levy. "The Greeks must realise that sultanas are not the same as milk or butter or wheat," said a spokesman, referring to the political opposition to giving the same support to Mediterranian farmers as that enjoyed in the north, where dairy and cereal products are heavily in surplus.

"Intervention buying of surpluses is meant to be an instrument of last resort, and the impression in Brussels is that the Greeks were over-eager to use it."

Support system

For the moment, Greece has won a temporary victory. Last month in Luxembourg agreement was reached in principle to extend the support system for another year. But with Mr Costas Simitis, the Greek Agriculture Minister, swearing that the regime will be changed over his dead body, the issue will soon complicate Greece's relations with the EEC again.

New tourist tax sparks rebellion in Algarve

By Diana Smith in Lisbon

ALGARVE HOTELIERS have rebelled against the Esc 1,000 (£5.34) exit tax introduced last week by the Portuguese Government in the hope of extracting more revenue from tourism—a prime source of invisible earnings.

Irate hoteliers in Portugal's most lucrative tourist spot decided to withhold payment of tourism tax levied on hotels, meals, drinks, hired cars and bus tours until the highly - controversial exit stamp is abolished.

They hope to persuade tour and hire car operators to join the boycott.

Equally-irate heads of Algarve municipalities, however, are threatening to cut off water supplies to hotels that fail to pay tourism tax.

The Algarve rebellion follows that of the government of the Atlantic island of Madeira, which depends on tourism for its livelihood even more drastically than does the mainland.

Sr Alberto Joao Jardim, the Madeira leader, a maverick populist who hammers Lisbon for funds and concessions to his islanders, and mercilessly guys his own Social Democrat Party if it annoys him, publicly refunded tour operators in Madeira for the cost of any exit stamps they had bought for their customers.

The exit stamp—due in principle to last only until December 31 — caused bad feeling from the outset. On October 26, first day of the new tax, several foreign tourists missed their aircraft because of it.

They had not been warned to keep enough escudos to buy Esc 1,000 fiscal stamps for adults or Esc 500 for people under the age of 18, and had to join long queues, first to change money then to buy the stamp.

Soviet ice hazard

Ice conditions appear still to be causing serious supply problems in the Soviet Arctic, despite claims that most of the ships earlier reported trapped had been rescued, *writes Anthony Robinson.* Two ice-breakers are reported to be trying to force a channel for ships westward from Wrangel Island to Pevek in north-eastern Siberia.

Pannella steps down as Italy's Radical leader

BY JAMES BUXTON IN ROME

SIG MARCO PANNELLA, Italy's most colourful and magnetic politician, is no longer the elected leader of the small Radical Party, which he had made into a surprisingly effective force for change.

He decided at the last minute at the party's congress this week not to stand for re-election. Sig Roberto Cicciomessere, one of his close associates, was elected instead.

While Sig Pannella will continue the change does reflect some dissatisfaction among the Radicals with his leadership.

He has been made to look foolish over the case of Professor Toni Negri, who is accused of serious terrorist offences. The Radicals had Prof Negri elected to Parliament in the June general election, thus ensuring his release from four years of preventive detention.

But in September, Parliament, with the Radicals abstaining, voted for his re-arrest, by which time Prof Negri had left Italy, apparently for France. His refusal to come back has taken the wind out of the Radicals' sails, preventing them using him to uphold the case against preventive detention.

Spain scales down ore project

BY DAVID WHITE IN MADRID

AN AMBITIOUS iron ore processing project in a depressed region of south-west Spain, which was widely attacked as "economic madness," has been replaced by a less costly scheme which the Government hopes will satisfy local job expectations without losing money.

The on-again-off-again ore reduction project, known as Presur, has become a test case of the Socialist Government's policy towards unviable ventures.

The new scheme, which cuts the estimated investment cost by two-thirds from $200m to $67m, means dropping the pelletisation plant at Fregenal de la Sierra, which was originally at the centre of the project. This will be replaced by a small pilot unit, with the main part of the investment now scheduled to go on producing less concentrated sinter-feed at the Cala mine site in Huelva province.

The sinter-feed, due to be produced at the rate of 600,000 tonnes a year, is to be bought by the state heavy steel group, Ensidesa.

The scaled-down venture is seen as ensuring the maintenance of 500 pit jobs at Cala and creating employment for another 550.

The prospect of reopening the Cala mine and another at La Berrona, in Badajoz province, was the basis for reviving an abortive import-substitution scheme put forward by northern Spanish small steelmakers in the early 1970s. The resurrected project, drawn up in 1980 with a package of aid and credits, brought in Lurgi, the West German engineering group, and the Kuwaiti Government as shareholders, with 48 per cent between them.

The project lapsed again, however, when it was found that expectations of cheap gas supplies from the Gulf of Cadiz were over-optimistic.

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France pays quiet tribute to soldiers killed in Lebanon

FRANCE PAID tribute yesterday to the 58 French soldiers of the Lebanon peace-keeping force killed in the bomb attack on their Beirut headquarters. It was a simple, moving ceremony that emphasised the note of private grief, writes David Housego in Paris. Avoiding any dramatisation of the event that might stir national passions, it was held in the closed courtyard of the Invalides, Napoleon's burial place and where France has traditionally honoured its dead.

Relatives were invited along with ministers, opposition leaders, senior members of the armed forces, the diplomatic corps and other prominent figures in French public life. Strict security virtually sealed off the Invalides from the public, but the ceremony was televised live.

There were no speeches, in sharp contrast to the public airing of grief in the U.S. which lost more than 230 soldiers in another attack on the same day. President Francois Mitterrand has spoken no more than a handful of sentences in public about it after his flying visit to Beirut, and his restraint has won wide approval.

Catholic, Protestant, Jewish and Moslem clerics participated in yesterday's brief religious service that opened the ceremony.

Under a drab Paris sky and within the grey-stoned courtyard, the only colour came from red, white and blue flags draped over the rows of 58 coffins. After the service, President Mitterrand laid posthumous decorations on the coffins of the four officers and 54 soldiers. The oldest man killed, and the most senior, Captain Thomas, was 31, and the average was 23.

The four officers were given the Legion of Honour, each of the soldiers was decorated individually with the Military Medal. The families standing in the courtyard clasped hands and in many cases wept openly.

Former President Valery Giscard d'Estaing took part in the ceremony—one of the few public occasions in which he and President Mitterrand have participated together since the Socialists came to power.

The decision to avoid a large state occasion such as a march past down the Champs Elysee or a ceremony at the Tomb of the Unknown Soldier under the Arc de Triomphe did not please everybody. Former paratroopers, members of the same regiment as those who died, came to pay their tribute but were turned away as they had no invitation. "There is no need of an invitation," one said angrily. "We are part of the same parachute family."

This discordant note apart, there is no doubt that President Mitterrand has focussed and articulated French grief in the quiet manner that most think appropriate to the circumstances. He has also helped put off the political debate on the French role in Lebanon that is rumbling beneath the surface.

Peace talks, Page 4

DEFENCE MINISTER CONFIRMS ARRIVAL OF SUPER ETENDARDS

French jets delivered, says Iraq

BY PAUL BETTS IN PARIS

IRAQ HAS officially confirmed it has received delivery of the five controversial Super Etendard aircraft from France. Mr Tarek Aziz, the Iraqi Defence Minister, said in an interview to be published today in the French Socialist daily newspaper Le Matin, that they were delivered last month.

The confirmation coincides with a sharp heightening of tensions between Iraq and Iran, and Iraqi claims to have destroyed five Iranian ships in the Gulf.

Mr Aziz acknowledges in the interview that the Super Etendard problem had become "the most thorny issue" in relations between France and Iraq.

The interview also coincides with several declarations during the past 24 hours by French senior government officials that France had honoured its commitments to deliver the aircraft to Iraq, France's single largest client for defence equipment.

Hernu: extra budget

Both M Claude Cheysson, the French Foreign Minister, and M Charles Hernu, the Defence Minister, had suggested that the Government had fulfilled its commitments to Iraq. M Hernu said yesterday: "France will honour present and past contracts, including this one." He added: "France is a country which has a habit of honouring its contracts."

The French decision caused alarm among the country's Western allies who feared that delivery of the aircraft could seriously escalate the Iraq-Iran conflict. Western diplomats had described the French action as "playing with fire."

M Hernu remarked yesterday that despite the controversy over the five aicraft, "it has not prevented the world from turning." While declining to say precisely where the aircraft had gone, he said they were "nearly a month ago where they should be."

President Saddam Hussein of Iraq said last month that France would in principle deliver the five aircraft before the end of October.

The French Defence Minister also confirmed yesterday that there will be a supplementary budget to help finance the French military presence in Chad and Lebanon. He said his ministry was calculating the costs of the two operations and would report the results to Parliament.

Before the bombing of the French forces headquarters in Beirut, the operations in Central Africa and Lebanon were estimated to have cost the country an additional FFr 1bn (£83m) since August.

In outlining the 1984 defence budget, M Hernu said expenditure would total FFr 142.1bn, an increase of 6.7 per cent over 1983. Despite budgetary constraints, the country was maintaining its commitment to strengthen its nuclear force which will absorb 32.7 per cent of capital expenses, compared with 31.7 per cent this year and 30 per cent in 1982. Funds allocated to the nuclear force will total FFr 21.7bn next year.

As part of the five-year plan to reduce armed forces manpower by 35,000, almost 9,000 will go next year at a saving of FFr 353m. M Hernu said yesterday, however, that France would keep 50,000 soldiers in West Germany.

The new "rapid action force" would be manned by 47,000 soldiers based in France. This force is designed to intervene in crisis situations in international theatres.

Steel chief sees more job losses

By David Housego in Paris

SACILOR, the French state-owned steel group which lost FFr 3.6bn (£300m) last year and forecasts a similar deficit this year, does not expect a return to profit for another three or four years.

M Claude Dolle, the chairman, also said yesterday that further "painful" lay-offs will be needed. Under the French steel plan the two state-owned groups are already to lay off 10-12,000 people by 1986.

The plan was built on the assump of steel output rising to 24m tonnes a year by 1986. But M Dolle said his group was now working on the assumption of 16m-20m tonnes.

The Government has still to decide whether to approve a fresh round of redundancies though recent ministerial statements point in this direction. The bulk of them would be in Lorraine. Previous plant closures have provoked violence.

Wage talks collapse in Netherlands

By Walter Ellis in Amsterdam

DUTCH civil service union leaders yesterday threatened widespread and prolonged strikes following the breakdown of talks with government ministers on pay.

The government proposes to cut public sector wages and most social welfare benefits by 3.5 per cent from January 1 to help reduce the budget deficit. Just before yesterday's talks, it announced it was prepared to reduce the cuts to 3 per cent.

The unions rejected the offer, having set 1.5 per cent as the most they can accept. They have called on members to step up their campaign of disruption into an indefinite strike.

It is a make or break struggle for both sides. The Government needs to win if its programme of long-term austerity is to have any credibility. The unions need to show they still have strength and can prevent cuts in salaries not only next year but in 1985 and 1986 as well.

Strikes could begin within days. Mr Jaap van der Scheur, chairman of Abvakabo, the biggest union involved, is expected to announce strike plans today.

Negotiations were still continuing yesterday on the issues of shorter working hours and job-creation schemes. Unions and Government are in virtual accord on the need to use work-sharing to create employment in the public sector. However, union leaders may well withdraw from all discussions pending resolution of the pay question.

In The Hague yesterday, strated on the streets, using buses and other vehicles to block the vital Prins Bernard viaduct for a time. In Rotterdam, public transport staff staged a 24-hour strike, and there were demonstrations in other parts of the country.

Stock markets, Page 36

Increase in Western oil stocks lower than expected

BY RICHARD JOHNS

INDUSTRIALISED countries increased their oil stocks at a rate of 800,000 barrels a day in the third quarter of 1983—less than generally calculated or expected hitherto—according to the latest monthly market assessment of the International Energy Agency (IEA).

A month ago the IEA reckoned that the increase was 1.3m b/d. Its downward revision can only be good news for the Organisation of Petroleum Exporting Countries (Opec) whose members have significantly breached their collective production ceiling of 17.5m b/d.

Moreover, the IEA says that available data indicates a 200,000 b/d depletion of stocks in the non-Communist world during October and November. This is questionable, however, given sagging prices on the spot market and clear over-supply in recent weeks.

Overall in the non-Communist world the build-up of inventories, including those in countries not belonging to the Organisation for Economic Co-operation (OECD) and —— operation and Development (OECD), and oil still afloat at sea in tanker, was 1.6m b/d, the Paris-based agency now says.

The build-up was almost the equivalent to the increase in Opec output of crude oil which, the IEA believes, rose from 16.7m b/d in the second quarter to 18.2m b/d in the third. It estimates provisionally the rate to have been 18.6m b/d in October.

The IEA believes that actual demand for Opec crude during the October-December period will be just over 19m b/d. The indications are that OECD consumption in October and November will rise by 2 per cent over the same period of 1982.

Commercial stocks in the industrialised countries at the end of October are put by the IEA at 78 days forward consumption and those held by governments at another 15 days.

Pay linked for Irish MPs

BY BRENDAN KEENAN IN DUBLIN

IRISH MPs, Ministers and judges will in future have their salaries automatically linked to civil service pay awards in an attempt to avoid the regular embarrassment of politicians awarding themselves increases in Parliament.

A chorus of objections, mostly from trade unions, has greeted the 19 per cent pay increase to be presented to the Dail today even though MPs have not had a rise since 1981 and the award is in line with civil service increases.

The increase will give an Irish TD (MP) I£16,413 (£13,000) a year on which he receives tax concessions for expenses. The Prime Minister, Dr Garret FitzGerald, will get I£44,350 a year, an increase of more than I£7,000.

Nevertheless, many rank-and-file MPs do not feel they have been fairly treated. They are to get no back pay in the two year delay, which would have amounted to over I£2,000. The judiciary will receive a retrospective award.

U.S. joins Polish debt talks

BY STEWART FLEMING IN WASHINGTON

THE REAGAN Administration in the U.S. announced yesterday that it would join 14 other Western governments in talks about rescheduling that part of Poland's official foreign debt due to mature in 1981 and not already covered by a rescheduling agreement.

However, in a move interpreted as showing that the Administration had revised its earlier intentions, the U.S. said it would not immediately lift the ban on Polish fishing in U.S. waters. Instead, Poland would be authorised to get into talks about joint ventures with U.S. companies, and a decision on whether to lift the fishing sanctions would be taken, depending on how those talks progressed and on further progress on human rights in Poland.

The White House statement followed confusion on Tuesday about the content and timing of the announcement on Polish sanctions. Initially, the White House said the statement would be made on Tuesday afternoon. The delay appears to reflect White House concern about the political impact of the decisions at home.

The AFL-CIO, organised labour's umbrella organisation, has made clear that it feels any move to ease sanctions now is sending the wrong signal to the Polish Government.

The talks with other members of the Paris club would deal with some $65m of unscheduled debt due to mature in 1981, and $100m of interest on delayed payments. Other sanctions would thus remain in effect, including a ban on LOT, the Polish airline, a freeze on trade credit insurance and on exports of high-technology equipment.

In announcing the sanctions decisions, Mr Larry Speakes, the White House spokesman, emphasised that, initially, only the decision to get into negotiations on the 1981 debt would come into effect immediately.

Bonn ties loan to freer travel

BY LESLIE COLITT IN BERLIN

WEST GERMANY'S Finance Minister, Herr Gerhard Stoltenberg has laid down Bonn's terms for a new loan to East Germany — better opportunities for travel for ordinary Germans between the two German states.

Herr Stoltenberg conferred with East Germany's top economic official, Herr Guenther Mittag, a member of the East German Politburo on Tuesday and said afterwards the subject of a new loan was not discussed. He was not to be taken literally though.

Using the coded language of senior officials in East and West Germany when they discuss delicate political and economic questions, Herr Stoltenberg presented Bonn's conditions for a fresh loan which every knowledgeable West German banker says East Germany urgently needs.

In June West German banks gave East Germany a DM 1bn (£253m) loan guaranteed by the Bonn Government. East Germany is estimated to owe Western banks approximately $4bn this year and a similar amount in 1984.

Herr Stoltenberg told Herr Mittag that East Germany had made "limited progress" in improving access to the country by easing border controls and dropping currency exchange requirements for Western children. More East Germans are also being permitted to visit West Germany. The Finance Minister noted though that Bonn had "further expectations."

West German bankers estimate East Germany needs a loan of up to DM 2bn and that its main hope is pinned on West Germany. The Bonn Government has told the banks it would not underwrite a loan until East Germany had produced substantial humanitarian concessions.

Herr Mittag's reply was to refer to a recent warning by Herr Erich Honecker, East German's leader, that an "ice age" would descend on inter-German relations if new American missiles were deployed in West Germany.

OVERSEAS NEWS

Lebanon talks centre on Israeli accord after first success

BY ANTHONY McDERMOTT IN GENEVA

THE LEBANESE conference on national reconciliation was moving yesterday afternoon into crucial discussions on Lebanon's accord with Israel, signed on May 17, involving the withdrawal of Israeli troops. It could make or break the conference.

On the technical point of accepting that Lebanon does indeed have an Arab identity, agreement was reached in a session yesterday morning of the nine member Lebanese committee, chaired by President Amin Gemayel, the session was also attended with observer status by Mr Abdel-Halim Khaddam, the Syrian Foreign Minister and Mr Mohammed Ibrahim Massoud, the Saudi Minister of State for Foreign Affairs.

But there have been two important setbacks. On Tuesday night, after a two hour session, a special four-man Lebanese committee broke up having failed to agree on their task – the definition of Lebanon's identity.

Yesterday morning, the full conference ended with Mr Walid Jumblatt, leader of the Druze and Lebanese left and a Syrian ally, staging a door slamming walk-out. He complained of being talked down to by Sheikh Pierre Gemayel, the father of the Lebanese President and the founder of the Christian Phalangist Party.

However, yesterday morning's session did provide some definition of Lebanon's position. According to an unofficial translation of the Arabic statement, Lebanon was defined as being of "Arab belonging and identity and is a founding and active member of the Arab League and bound by all its charters."

In a press conference, Mr Alfred Madi, the Phalangist spokesman, made it clear that unless any party – and he specifically referred to Mr Jumblatt and the Syrians – could come up with a better alternative to the May accord with Israel – "in spite of its weaknesses" – the Lebanese Government would not abandon it. He said Mr Jumblatt was unprepared to face the implications of the May accord. "He cannot play. Syria and Israel at the same time." he said. Syria has about 40,000 troops in Lebanon at present.

Syria is adamant that this accord should be abrogated. The U.S. through Mr Richard Fairbanks, the special envoy to the Middle East, has been pressing to prevent the issue of the accord being raised in the conference. Both he and British diplomats have been working hard behind the scenes, talking with a whole range of participants, from Mr Jumblatt, to Mr Nabih Berri, the leader of the Lebanese Shia and to established Phalangists on the right.

But whatever the outcome of the meeting due for yesterday afternoon, there was no real expectation that this conference could come anywhere near solving Lebanon's problems. "It could be," according to Mr Madi, "just the start of a process... of building a new Lebanon."

Omani leader claims Gulf cannot defend itself

BY KATHY EVANS IN DOHA

THE meeting of the six Gulf foreign ministers went into its second day in Doha yesterday with the Omani head of state, Sultan Qaboos, claiming that the states were incapable of defending the region.

He told a Kuwaiti newspaper: "We do not possess the military capacity to confront Iran . . . joint manoeuvres by the GCC (Gulf Co-operation Council) member states do not mean we have an army capable of shouldering the security of the Gulf region. Possessing advanced weaponry is not enough."

He added that if the Straits of Hormuz were closed, then the U.S. might have to intervene to guarantee navigation in the Gulf and protect its interests and those of its allies.

Oman has reported increased Iranian warplane activity over its territory in the last few days.

The Omani Foreign Minister, Youssef Al Alawi, said that the Iranian threats were escalating almost daily.

Fresh talks may speed decision on Hong Kong

By Mark Baker in Peking

THE HEADS of the Chinese and British delegations negotiating the future of Hong Kong are to meet regularly on an informal basis, in addition to the official talks.

The decision indicates a new flexibility on both sides and suggests they are ready to move more quickly towards an agreement on the Colony's future.

It is believed that the senior negotiators—Sir Percy Cradock, British Ambassador to China, and Yao Guang, Chinese Vice-Foreign Minister, will meet frequently—possibly more than once a week — to smooth points of detail between the formal negotiating sessions, now occurring about once a month.

"The meetings will occur as often as is necessary, as often as there is something to talk about," a spokesman for the British Embassy in Peking said. "I think you can interpret it as an encouraging development."

Qi Huaiyuan, director of the Information Department of the Chinese Foreign Ministry, confirmed yesterday that at least one meeting had already been held between Sir Percy and Yao. He could not say what was discussed, but described it as an opportunity for "an exchange of opinions and informal contact."

The next round of formal negotiations is scheduled for November 14 and 15 in Peking.

Prime rate cut to 13.5%

By Robert Cottrell in Hong Kong

HONG KONG'S leading banks yesterday cut prime lending rate by one-and-a-half percentage points, to 13.5 per cent.

The move follows a one-point cut last week, and reflects lower local money-market interest rates and successful stabilisation of the Hong Kong dollar's exchange rate.

The Stock Market's Hang Seng Index reacted positively to the reduction, rising 20.16 to close at 866.9 and reversing Tuesday's 18.48 decline.

The market is now trading at 25 per cent higher than on October 4 when the index hit a 1983 low of 690.

Israel headed for recession says central bank chief

BY DAVID LENNON IN TEL AVIV

ISRAEL IS headed for a severe economic recession, according to Dr Moshe Mandelbaum, governor of the company's central bank and is facing a period of mass unemployment, according to Mr Aharon Uzan, the Labour Minister.

The country's multiplying economic woes, which most recently included the news that the foreign reserves are rapidly falling to the danger level of \$2.5bn (£1.6bn) include the looming closure of some factories.

Directors of Ata, a leading textile company with over 3,000 employees, have warned that they will close some of their factories, if government aid is not immediately forthcoming.

Ata's current debt of \$20m is fairly typical of many companies in Israel hit by problems in the economy during the past 12 months. For many companies, an artificially high value on the shekel has meant a poor return for exports.

Not only textile companies are in trouble. The 600 employees of Israel Shipyards (IS) are idle, and the construction industry is already in deep recession.

Dr Mandelbaum explained that the recession is likely to be hastened and deepened by the decision of the Bank of Israel, the central bank, to try to force the Government to follow a restrictive monetary policy in the coming months.

As part of this policy, the central bank has decided to reduce commercial bank credit by Israeli Shl 10bn (£80m) soon, and has also approved in principle a 25 per cent increase in the base lending rate. This will bring it to some 130 per cent, probably still less than the inflation rate.

The Labour Minister's remarks about pending large-scale unemployment were made after discussions with the Treasury over cuts in the Ministry's budget.

Mr Uzan said that, instead of cutting social services, the Government should increase taxes on the well-off.

Among steps being considered by the Treasury to deal with the economic crisis is a 10 per cent increase in the marginal tax ceiling to 70 per cent, and a stricter enforcement of regulations governing limits on foreign currency holdings permitted to the public.

This latter issue has been ignored during the past six years.

With the re-introduction of controls this week, the Treasury is also considering ways to bring back into the financial system the \$500m which it believes is kept in cash or travellers' cheques by the public.

Next Sunday's Cabinet meeting is expected to discuss the economic crisis, and may be asked to approve harsh economic measures proposed by Mr Yigal Cohen-Orgad, the new Finance Minister.

● Bethlehem Catholic University was ordered closed for two months by the Israeli military authorities yesterday, as part of a new hard-line policy on the occupied West Bank.

Two secondary schools were also closed and curfews have been imposed on some Palestinian refugee camps and the town centre of Nablus.

The university closure followed clashes on Tuesday between Israeli soliders and students at the university.

Moshe Mandelbaum

Pakistan plans to ease curbs on industry

BY JOHN ELLIOTT IN ISLAMABAD

A RELAXATION of industrial controls is planned by the Pakistan Government in an attempt to encourage private sector investment which is estimated to have totalled a record Rps 19bn (\$1.5bn) during the last five years.

Ministers want to remove controls—for the first time in Pakistan's 35-year history—from all industries apart from about five or six special areas.

Private sector investment has picked up considerably during the martial law regime of President Zia ul-Haq.

But there has been neither sufficient political or economic stability, nor sufficient incentives, to attract private sector business into capital-intensive basic industries such as petrochemicals, heavy electricals and mineral-based production.

Now there is a fear that the country's political unrest of the past two-and-a-half months may have upset the trend, causing businessmen to hold back from new projects.

This may not show in the government's statistics, however, because it is unlikely that the unrest has affected the pace of applications for industrial licences.

Industrial controls were liberalised in 1979, and projects costing less than \$6m do not have to be cleared by the government. The controls are, however, onerous and time-wasting, and the plan is to free all industries except those on a short-list.

That list will probably include industries such as cooking oil, soft drinks and sugar, where the government does not want any new capacity.

Projects totalling \$3.8bn, have been approved during the last five years in the private sector, double the total for the previous 17 years 1960 to 1977 which included a booming investment period in the early 1960s. Even allowing for inflation, the total of the last five years is 50 per cent of those 17 years.

The Industry Ministry estimates that projects accounting for 38 per cent of the \$3.8bn have either been completed or are under construction and that by 1985-86 this will have risen to 66 per cent.

More than one-third of the total projects are in chemical and fertiliser industries. About 20 per cent are in textiles, about 10 per cent in cement and glass and 7 per cent in engineering.

Banks under pressure to assist Philippines

BY EMILIA TAGAZA IN MANILA

SMALLER FOREIGN banks who have so far resisted a request by the Philippines for a 90-day moratorium on debts falling due from October 17 are under increasing pressure to assist the heavily indebted country.

The 12-bank advisory committee representing the country's largest foreign creditors have endorsed the freeze, and an official of a U.S. bank with a small exposure in the Philippines said his bank has been placed in a position where it has no choice but to accept the moratorium.

The official said that the \$3bn (£2bn) which the Philippine Government said is involved in the freeze is underestimated. The figure is closer to \$4bn, out of which some \$2bn are short-term debts that may have to be rescheduled into medium-term loans," the banker said.

Foreign capital and new loans have virtually stopped flowing into the Philippines, and the Government has been digging into its international reserves to pay off maturing debts and interests.

Last month, foreign reserves were down to about \$500m, roughly equivalent to one month's imports. Foreign bankers estimate that the reserves could be down further to \$150m toward the end of the year.

The bankers are more worried about political developments in the country. Amid persistent reports that President Ferdinand Marcos is seriously ill, they are concerned with the absence of a definite and orderly succession procedure.

The major anxiety is that if Mr Marcos is suddenly incapacitated, there might be chaos in government, and turmoil in the streets.

"Capital flight from the country will not stop unless there is some semblance of political stability," one banker who belongs to the advisory committee said.

● The Philippines Government yesterday raised the price of petroleum products by one peso a litre as a result of the peso devaluation last month. The board of Energy said that the price increase will preclude hoarding.

S. African result likely today

RESULTS are expected today in the South African referendum to decide whether to introduce a new constitution. The constitution has already been debated and passed by parliament and signed by the State President, writes J. D. F. Jones in Johannesburg.

Most observers believe there will be a majority "yes" vote, possibly in the region of 60 per cent. Only white South Africans were able to vote.

The poll, which has been conducted nationally and not according to the usual constituency system, has been quiet except for two bomb explosions in Durban early yesterday.

Muzorewa move

Bishop Abel Muzorewa, detained in Harare, has been allowed to see a lawyer, but there is still no indication of when he might be freed, a spokesman for the Zimbabwe Cleric's Party said yesterday, Reuter reports from Harare.

Queensland poll

Final counting in the Queensland, Australia, state election has given Mr Joh Bjelke-Petersen's National Party an overall majority, following the collapse of the Liberal vote, writes Michael Thompson-Noel in Sydney.

AMERICAN NEWS

Time to reassess Falklands issue

BY JIMMY BURNS AND ROBERT GRAHAM

THE ADVENT of a civilian administration in Argentina and the firm rejection of the military implicit in Sunday's poll have put the future of the Falklands in a new light. The Radical Party leader, Sr Raul Alfonsin, is opposed to the use of force in the settlement of Argentina's dispute with Britain over the Falklands and with Chile over the Beagle Channel.

The first foreign policy initiative when the new administration takes office under Sr Alfonsin's presidency is expected to be on the Beagle Channel dispute, according to Argentine diplomatic sources.

Over the past five years, Argentina and Chile have on several occasions come close to war over the Beagle Channel, which provides strategic access between the Pacific and the Atlantic.

Sr Alfonsin told foreign journalists last week that he would accept the peace proposals of the Holy See, made in 1978. These would convert the disputed area around Cape Horn into a "sea of peace" and leave the three islands of Nueva, Picton and Lennox in Chilean hands.

Sr Alfonsin will maintain Argentina's claim of sovereignty to the Falklands, according to close aides. While anxious to establish a dialogue with Britain, few in his party favour altering the status quo, in which a formal end to hostilities has not yet been declared. Britain has insisted that such a declaration is a fundamental condition for any change in its relations with Argentina. Argentina's refusal to comply has been the British Government's main justification for its continued military presence in the south Atlantic and the fortification of the islands.

The majority view in the Argentine Foreign Ministry and the Radical Party is that standing firm will force the British to pay an increasingly heavy price to garrison the Falklands, eventually provoking domestic reaction against this policy. But this attitude has turned into a two-edged weapon. Senior radical officials are now aware of the risk that the more Britain consolidates its presence on the islands, the harder it becomes to withdraw. Close aides of Sr Alfonsin are hinting that if London were to freeze construction of Port Stanley's new airport, this would be construed as a positive move.

Likewise, Britain could reduce the 150 mile "protection zone." This, in practice, excludes Argentine fishing vessels, because although technically allowed within it, they have to obtain British Government permission. Doing so is regarded as admission of British sovreignty over the islands, and this the highly nationalistic fishing fleet refuses to accept.

The valuable hake fishing season is shortly due to open in the south Atlantic and Argentine trawler owners face further losses, due to the presence of Japanese, Polish, Spanish and Soviet vessels operating inside the protection zone.

One way round Argentina's refusal to declare a formal end to hostilities would be a generalised statement by Sr Alfonsin renouncing the use of force, directed as much towards Chile as Britain. This would be in line with the Radical Party's traditional neutralism. (The Radicals kept Argentina out of World War I and declined participation in the U.S. operations in Santo Domingo in 1965.)

Argentine diplomats have noted statements by Mrs Margaret Thatcher, the British Prime Minister, saying Britain is willing to negotiate everything but sovereignty. However, they are not convinced by this willingness, pointing out that she would be embarrassed by any offer to negotiate an end to hostilities since this would undermine the basis of "Fortress Falklands."

Argentina and Britain will state their positions formally next week in the UN, when the Falklands comes up for debate. Little change is likely in substance. But the Argentines will stress that one of Mrs Thatcher's arguments against talks, an unreliable military government in Buenos Aires as negotiating partner, no longer applies. Added to this, Sr Alfonsin is committed to keep the military in barracks and to slash spending on the armed forces.

Britain is one of the countries involved in Argentina's \$39bn foreign debt, which will be renegotiated by the new government. Argentina will be seeking more favourable terms and Britain could use the pretext for resumption of more normal commercial and diplomatic relations. It is also possible that the U.S. may help by acting as broker in the deadlock.

Florida may repeal unitary tax

BY CHRISTIAN TYLER IN LONDON AND NANCY DUNNE IN WASHINGTON

A CAMPAIGN by foreign and domestic companies in the U.S. against the spread of the controversial "unitary" method of taxing multinational companies appears to be paying off in Florida, the latest of 13 U.S. states to adopt the system.

Businessmen, who were taken by surprise when the state made the tax law last July to finance an education programme, were to meet the tax committees in the state legislature yesterday in Tallahassee to urge repeal of the legislation.

According to Florida businessmen visiting London to promote European investment in their state, it is highly likely that state legislators will either greatly modify or repeal the tax.

Unitary tax requires local companies to declare their national or international earnings, payroll and assets.

The state tax authorities then decide what proportion is attributable to the local concern and tax it accordingly.

Unitary tax has been condemned by multinationals in Britain, Holland, Japan, Canada and elsewhere as arbitrary and unjust.

Governments have also given warnings that it might sour mutual investment relations.

President Reagan has refused to intervene for fear of alienating the states, after the Supreme Court's June verdict that vindicated California's right to use the method. But he has set up a working group to try to find a compromise.

Mr Jim Beasley, managing director of a South Florida law firm and leader of the delegation to London, said the issue had been exaggerated, but "we realise we have shot ourselves in the foot." A recent poll of state legislators showed more than half would vote for repeal, he said.

Local opposition to the measure has been led by the banks, especially out-of-state banks. Moreover, IBM, which makes its personal computer in Florida, is also reported to be worried about the disincentive effect.

Businessmen are being asked to suggest how to make good the revenue loss if the system is repealed. One possibility would be to raise the 5 per cent sales tax, which accounts for 63 per cent of budget revenue.

Corporate income tax yields about 10 per cent, or \$400m, while unitary tax would be worth another \$50m only. Another suggestion is that local petrol tax be increased.

In Washington, Mrs Paula Hawkins, Republican Senator from Florida, pressed by state businessmen and worried about jobs, introduced a bill on Tuesday to force the Treasury task force studying Federal legislation to report findings and recommendations to Congress within 90 days.

There has been speculation in Washington that the task force would seek to delay a final conclusion until after the presidential erlections in November.

Federal legislation is considered unlikely without support from the administration, but President Reagan has been put under pressure by several governors to leave states free to determine their own taxation practices.

Another member of the delegation to London, Mr. John Koch, a senior vice-president of Sun Bank, NA, of Miami, claimed that Florida was still one of the 10 least-taxed states in the U.S. The increase in taxation due to the unitary method was typically only small, he said.

Britain, the biggest overseas investor in the U.S., accounts for about 40 per cent of total foreign investment in Florida.

Florida has become especially sensitive to UK objections since a London Chamber of Commerce mission to the state earlier this year was cancelled on the ground that companies had lost interest in opening business there while unitary tax was in force.

AT & T aims for 13,000 job cuts

By Paul Taylor in New York

AMERICAN Telephone and Telegraph (AT & T), the U.S. telecommunications group on the verge of a massive court-approved break-up, is seeking to shed 13,000 jobs in two of its new divisions through early retirement packages intended to trim annual payrolls by \$500m (£337m).

The job reductions form part of AT & T's strategy for remaining competitive after January 1 when thousands of workers will be shifted to AT & T from the 22 Bell System operating companies which are being spun off.

The cuts are seen as necessary if the new AT & T is to compete effectively in its new deregulated businesses with other U.S. telecommunications companies.

The two divisions affected by the job cuts are at AT & T information systems, the AT & T unit formerly called American Bell which will market business and residential communications equipment, and AT & T communications systems which will offer long distance telephone services in competition with other suppliers such as MCI and GTE.

AT & T has already begun slimming down the workforce, mainly through attrition, and closing plants at a third division, Western Electric, AT & T's manufacturing arm. Those cuts are expected by 1986 to reduce Western's 134,000-strong workforce by about 16,300.

The bulk of the latest job reductions will fall on AT & T's information systems division. The unit, which currently employs 28,000 people, is due to receive an additional 80,000 from the Bell operating companies on January 1 when responsibility for equipment installed on customer premises is transferred to the new AT & T.

Of these AT & T is seeking 10,000 voluntary retirements — or about a 10 per cent reduction in the division's post-diverstiture workforce. This is seen as crucial if the currently-loss making division is to become profitable quickly and win back a major share of the estimated \$2bn-a-year business equipment market.

The other 3,000 job cuts are being sought in the communications division which, after January 1, would otherwise have a total workforce of around 118,000.

Harvester plans to increase truck output

BY TERRY DODSWORTH IN NEW YORK

INTERNATIONAL Harvester, the debt-laden U.S. farm machinery and commercial vehicle manufacturer, is to step up truck production amid strong indications that the four year slide in the North American heavy truck market has stopped.

The company said yesterday that it will increase overall output by 20 per cent between November 7 and February of next year, with the main advance in January.

In the heavier vehicle category of 33,000 lb gross vehicle weight and over, production will go up by 42 per cent, while output of medium weight vehicles is to increase by 8 per cent.

Mr Neil Springer, president of the group's international division, said that the decision to increase production was based on a 78 per cent rise in orders over the May-October period compared with a year ago. International Harvester vehicles had also increased their market share to 28 per cent, he added.

The U.S. heavy truck market has fallen into deep recession since the peak year of 1979. International Harvester was the principal casualty of this decline, as it was hit at the same time by an equally sharp slump in the agricultural equipment business.

Only a week ago, the company completed a second major debt rescheduling agreement with 200 lenders aimed at putting its finances on a firmer footing.

A substantial part of the group's \$3.5bn of bank debt is being converted into equity under the agreement, which could leave the banks with as much as half of IH's equity.

So far this year, the U.S. heavy truck market has shown a further decline, falling from 57,500 units in the 33,000 lb category to 55,600 in the nine months to September.

But in the last summer, manufacturers reported a reversal in the trend, and over the last July to September period, sales rose by 15.5 per cent. The big diesel engine supplier to the industry, Cummins Engine, is now predicting 80,000 truck sales this year against 75,000 a year ago.

Both Ford and the U.S. subsidiary of Volvo, the Swedish company, have announced that they are also increasing truck output, with Ford stepping up production by 35 per cent early next year.

Capital gains plan fears

WASHINGTON — Mr Dan Rostenkowski, U.S. House Ways and Means Committee chairman, yesterday voiced concern over a proposal to reduce the long-term capital gains holding period to six months from a year and to reduce to \$1,000 from \$3,000 the limit on deductability of capital losses against ordinary income.

Opening a Ways and Means hearing on the tax treatment of capital gains and losses, Mr Rostenkowski said proponents of the two-part proposal must carry the burden of proof in view of the fact that 60 per cent of gain from long-term investments is already excluded from tax."

In addition, he noted that the maximum tax rate on capital gains was reduced from 28 per cent to 20 per cent in the 1981 tax Act.

AP-DJ

U.S. sends aid to Grenada

By Reginald Dale, U.S. Editor in Washington

THE U.S. Government yesterday announced a \$3m additional aid package for Grenada, intended mainly to restore disrupted medical and public health activities on the island. The aid was in addition to \$475,000 worth of food, generators and water tanks supplied by the U.S. immediately after last week's invasion.

Officials said that it was not clear whether the latest funds would be used to rebuild the mental hospital accidentally damaged by an American bomb attack, or whether the Pentagon would be billed separately for it.

Meanwhile, the White House said that Mr Richard Stone, President Ronald Reagan's special envoy, is to return to Central America, apparently in the hope that the U.S. show of force in Grenada will spur wider regional peace negotiations.

Mr Stone is to convey Mr Reagan's determination not to lose momentum built up in the four-nation contadora group (composed of Mexico, Venezuela, Colombia and Panama), which is seeking a negotiated solution to the Central American conflict, the White House said. The contadora countries, however, have condemned the invasion of Grenada.

On Capitol Hill, there was uncertainty over the future of moves to invoke the 1973 War Powers Act, which could require the U.S. troops to be withdrawn by Christmas in the absence of Congressional approval of a longer stay. While the House of Representatives voted overwhelmingly on Tuesday to invoke the Act, a similar resolution has lapsed in the Senate and there were no immediate plans to revive it.

Military officials said that a nine-ship aircraft carrier task force was due to begin surprise exercises to test the readiness of U.S. forces in the Western Atlantic

WORLD TRADE NEWS

Motorola sees strong growth in W. Europe semiconductor sales

BY GUY DE JONQUIERES

THE RECENT surge in West European semiconductor markets will extend well into next year led by continued strong demand in Britain and Scandinavia, Motorola, the large American electronics components manufacturer said yesterday.

But U.S. and Japanese suppliers will benefit most, Motorola forecasts. Indigenous European manufacturers will supply only about 40 per cent of their own $2.9bn market this year, and Western Europe's total deficit on semiconductor trade will rise to $1.8bn from $1.6bn last year.

Motorola expects the European market to grow by 13 per cent this year, measured in local currencies, and by 3 per cent in current U.S. dollars. Growth in local currencies next year is forecast at 16 per cent, with the strongest increase taking place in the first half.

The outstanding performer is Britain, where Motorola estimates that the market will increase by 30 per cent in local currency terms this year and by 22 per cent next year. Scandinavia comes second, with an estimated growth of 18 per cent this year and 17 per cent next year.

According to Mr Dedy Saban, director of European marketing for Motorola, Britain's semiconductor market has doubled in value since 1980. It now accounts for 24 per cent of all European sales and is narrowing the gap with West Germany, traditionally Europe's largest single national market, which represents 29 per cent of total sales in the region.

Though 44 per cent of semiconductor consumption in Britain is accounted for by government and telecommunications purchases, its expanding personal computer sector has made a substantial contribution to recent growth.

Mr Saban said that the UK was now the centre of personal computer manufacturing in Europe. But he warned that the industry was fragile and vulnerable to shakeouts resulting from increasingly fierce international competition.

West German demand for semiconductors is expected to pick up strongly next year, increasing by 16 per cent in local currency terms, after a rise of only 8 per cent this year. But Mr Saban said that the German electronic equipment industry was still in poor shape and was steadily losing market share.

Motorola sees France and Italy as the two weak spots in Western Europe. The growth of semiconductor sales in both countries has lagged, with increases of 10 per cent and 13 per cent respectively expected this year.

Mr Saban expected the U.S. to start increasing its worldwide lead over Japan, which has captured an estimated 13 per cent of the American semiconductor market. One reason was increased demand for microprocessors, in which U.S. technology was superior to that of Japanese and European manufacturers.

UK export opportunities improve in Ghana

BY CHRISTIAN TYLER, TRADE EDITOR

GHANA appears to be stepping up its imports again despite economic problems it shares with other debt-laden African countries.

According to businessmen at a London seminar yesterday Ghana is one of the few countries where business has increased in the wake of IMF loan support and a domestic austerity programme.

In the first eight months of this year UK exports were up 50 per cent, from £41.1m to £60.2m. Exports of machinery, transport equipment and vehicles more than doubled, to £14m. The country is also said to be stepping up imports of the raw materials it needs to revive its economy.

A £15m line of credit through Standard Chartered Bank and backed by the Export Credits Guarantee Department is expected to be in place by the end of the year. ECGD is covering short-term business with Ghana, but on very restricted terms: buyers have to produce cash on receipt of shipping documents and letters of credit confirmed in the UK are required.

Mr Ron Dittrich, of Barclays Bank International, said it was not clear how long this export opportunity would last. Ghana had $900m of trade arrears and short-term debt, and IMF support was still "inadequate."

Businessmen at the seminar, arranged by the London Chamber of Commerce, were in general advised to seek aid-related business or insist on confirmed letters of credit for the countries under review.

Zambia has already announced that, subject to the price of its major export, copper, and international lending support, it will be paying off its trade and remittance arrears of $500m in quarterly instalments of $25m from next year. An agreement rescheduling some $67m of commercial bank debt is due to be signed this month.

Tanzania is still very short of foreign exchange and imports are much restricted, while trade arrears stood at $330m at the end of May. But the country is a large recipient of development assistance which meant that there is scope for aid-related business, the seminar was told.

Zaire was described as a good prospect in the long run, but with $5bn of foreign debt and constant rescheduling, exporters had little alternative but to seek confirmed letters of credit.

Japan to ask EEC to lift VCR restraints

EEC officials and those from Japan will meet in Tokyo in mid-November for discussions on limiting Japanese video cassette recorder (VCR) exports to the Community, Japanese Trade and Industry Ministry (Miti) officials said, Reuter reports from Tokyo.

They said M Etienne Davignon, the Community's vice-president for industry, will hold talks on the issue with Mr Sosuke Uno, the Japanese Trade Minister.

Under the present three-year agreement, Japan is limiting its VCR exports to the EEC to 4.55m sets in calendar 1983. The levels for the second and third years have not been fixed yet.

Government officials said Japan is expected to ask the EEC to remove the present export curbs on the grounds that the VCR trade issue be resolved through stepped-up technological co-operation between the two countries.

If the restraints are extended, Japan will demand the export quota be raised substantially and the present floor pricing system observed by Japanese exporters and makers on shipments to the EEC abolished.

Twenty Japanese companies have formed an export cartel to ensure the export ceiling does not lead to price-cutting competition.

A Ministry official described as "out of the question" a request to the Community yesterday by Philips of the Netherlands to restrict Japanese VCR imports to 2.65m next year.

Philips said the request was based on an estimate that 5.3m VCRs will be sold in the Community next year.

The Miti official predicted that VCR demand would be about one million sets higher.

● The Indian Government is to take up with the European Economic Community the question of recent restrictions imposed by the EEC on export of woollen knitwear by India to Britain, K. K. Sharma reports from New Delhi.

The restrictions put a ceiling of 11,000 pieces of knitwear for a three-month period from September 15 following complaints by British manufacturers that Indian supplies have adversely affected their interests.

The Indians are worried because of the under-utilisation of capacity in the local knitwear industry, which is based mainly in Punjab,

Fiat group wins Boeing order

By Alan Friedman in Rome

THE AIRCRAFT castings division of Fiat has secured an order from Boeing, the U.S. aerospace group, to produce 135 flaps for Boeing's 737 models.

Teksid, the metal subsidiary of Fiat, is to manufacture the aircraft components at its main plant in Turin, using a special aluminium casting technology which is already in use for Boeing 757 and 767 aircraft.

Teksid, which last year recorded a loss of L113.5bn (£47.3m) on turnover of L834bn, also sells aluminium and magnesium alloy components to aero-engine makers Pratt and Whitney and General Electric.

Another Fiat subsidiary, Fiat Aviazione, makes engine components for these companies. Both Fiat companies have participated in the Tornado jet fighter project.

Fiat would not put a value on the Boeing 737 order.

Walter Ellis in Amsterdam reports on a controversial warship order

Taiwan deals pose problems in Netherlands

THE RECENT disclosure that Taiwan wishes to purchase two more submarines and six minesweepers for its navy from a Dutch shipyard highlights once more the curious commercial alliance that has sprung up between the island republic and the Netherlands. Two-way trade is running at an all-time high and is set to grow further over the next 12 months.

If the warships deal should go through, it could be worth up to Fl 3bn (£677m) and would safeguard the jobs of some 3,000 shipyard workers, sub-contractors and suppliers into the 1990s. Against that, according to Peking's chargé d'affaires in The Hague, by infringing what China regards as its sovereignty over Taiwan, it could have serious consequences for Sino-Dutch relations.

The supply of additional submarines, he warned "would be absolutely unacceptable to the Chinese Government and the Chinese people."

Taiwan first ordered submarines from the Netherlands in 1981, when contracts for two diesel-electric vessels were placed with the Rotterdam yard of Wilton-Fijenoord, then a part of the doomed RSV group. Because of RSV's recent bankruptcy, serious financial problems arose over the order, and construction was continued only following the transfer from Taipei of Fl 50m.


Mr Lubbers: in two minds

China's reaction to the original order was to reduce in The Hague to chargé d'ffaires level, withhold visas from Dutch citizens, boycott the port of Rotterdam and halt Royal Dutch Shell's oil exploration programme in China itself.

Since relations with the Netherlands had previously been excellent, what happened was clearly a warning to Holland not to repeat the exercise. Dutch business, taking a calculated risk, has ignored the warning. Most obviously, KLM, the state airline, and China Airlines of Taiwan this year initiated a direct air link between Amsterdam and Taipei—the first connection of its kind between Taiwan and Europe. Dutch banks and chambers of commerce increased their Taiwanese representation, and business delegations in both directions have proliferated. Last month, there was a Dutch trade fair in Taipei.

At present, the centre-right Government of Mr Ruud Lubbers has yet to declare its position on the proposed deal. It could refuse an export licence and thus scupper the ship deal.

This, though, would greatly damage not only the survival prospects of Wilton-Fijenoord and Van der Giessen de Noord, the latter chosen by Taiwan to build the minesweepers, but would further outrage the FNV, largest trade union federation in the Netherlands with which it is already in bitter dispute over pay. The FNV has supported the Taiwanese application right from the beginning in spite of its general support for the Chinese diplomatic position, and has urged the cabinet to grant the licence straight away.

If the shipyards and the unions are fervent in their support of the naval order, directors of the multi-terminals unit centre in Rotterdam are not. The centre handles hundreds of thousands of tonnes of Chinese cargo a year and has written to the Government pointing out that, in its view, the effect on Dutch employment of going through with the deal would be far worse than if it were lost.

Mr Lubbers is known to be in two minds about the deal. At a time of high unemployment and declining fortunes in the shipbuilding sector, he does not want to turn away one of the most lucrative orders in years.

He is also aware that this year the Taiwanese have already ordered four container ships, cranes, agricultural machinery and heavy boilers from Dutch companies and promised much, much more.

China's reaction, should the deal go through, is not yet known but would presumably be commensurate with the "crime" it would perceive to have been committed. From January to June this year, according to the Dutch trade ministry, China imported goods and services from the Netherlands worth Fl 178m, while reciprocal exports were worth Fl 257m. Taiwan's trade over the same period showed imports from Holland at Fl 177m and exports at Fl 402m.

The most curious aspect of all in the affair is the determined manner in which Taiwan is pursuing its relationship with the Netherlands.

It is recognised that the Netherlands cannot substitute for West Germany, Britain and France—each of which is four times bigger—but Holland is seen as a model of political-economic development and to some extent, as the soft underbelly of the European Community.

In addition, the Taiwanese appear genuinely to want to increase their imports from the Netherlands as a way of saying "thank you" for the submarines and the air link. They want to show that their friends will be well rewarded.

To this end, Taiwan is considering the purchase of a proposed military version of the Fokker F-27 airliner and is encouraging Dutch businessmen to visit Taipei and other cities in search of Government-backed orders.

Peking may well be able to wield a big stick tomorrow, but for many Dutchmen, with commerce in their blood, it is a case of jam today.

Troubled Greek cement group wins $30m Algerian order

HERACLES General Cement, the leading Greek cement manufacturer, has secured a $30m contract to supply the Algerian state construction agency, Societe Nationale de Materiel et Construction, with 600,000 tonnes of Portland cement in 1984 for use in a public housing project, writes Andriana Ierodiaconu in Athens.

A financing agreement was signed between Heracles and the French bank Credit Commerciale de France Internationale (CCS) in Paris on October 26.

This is the first contract to be secured by Heracles since the mid-September prosecution against the company's management by the Greek Government for the alleged illegal export of foreign exchange. A new management was subsequently appointed by the National Bank of Greece, the leading shareholder.

The upheaval caused a considerable upset of market confidence in the company which last year earned Greece $265m in foreign exchange. Heracles, a family firm with a 72-year history, is one of Europe's top cement exporters with a total output of 5.6m tonnes last year. Heracles occupies a prominent position in the Middle East particularly in Saudi Arabia and Egypt, and has a 42 per cent share of the Greek market.

● Mr Frank E. Basil, the U.S. architectural and engineering firm, has secured a SR 63m (£12m) contract to design a new campus for the Islamic University of Medina in Saudi Arabia, in joint venture with Arthur Erickson Associates International, and the Saudi consulting firm of Dar al Riyadh. The contract was signed on October 4 by the president of the university Dr Adbullah al-Saleh al-Obeid.

A master plan and complete architectural and engineering design are scheduled to be completed in 39 months. The new campus will occupy a 170 hectare site and will have facilities for 7,600 students. These will include six colleges, a computer centre, a central library, teaching accommodation and administration and recreation buildings.

Nuclear factory cancer claims to be probed

BY DAVID FISHLOCK, SCIENCE EDITOR

THE GOVERNMENT has asked Sir Douglas Black, one of Britain's most eminent doctors, to review the medical evidence for allegations that there is an unusually high incidence of cancer in children living close to a nuclear factory in Cumbria, North-West England.

The allegations were made in a Yorkshire TV programme about the Sellafield factory (formerly called Windscale) of British Nuclear (BNFL). The programme was shown nationally on Tuesday evening.

The company has strenuously denied the allegations and has quoted local and national health authorities in support.

Mr Patrick Jenkin, Secretary of State for the Environment, told the House of Commons yesterday that he had invited Sir Douglas to inspect the evidence and determine the need for any further research.

Sir Douglas, aged 70, has just retired after six years as President of the Royal College of Physicians. He was chief scientist at the Department of Health in the mid-1970s and is an emeritus professor of the University of Manchester.

Mr Jenkin said he appreciated the natural concern of the public over reports linking an apparently high incidence of cancer close to Sellafield with the factory's discharges of radioactivity.

The main activity of the factory is the reprocessing of spent nuclear fuel and the separation of plutonium and uranium.

Mr Jenkin told MPs that the radiological significance of the quoted emissions of radioactivity from the factory had been exaggerated. Levels quoted in the programme were not out of line with those recorded in previous monitoring.

The level of airborne plutonium in the vicinity of the factory was first monitored by the National Radiological Protection Board at the request of the inspector at the Windscale public inquiry in 1977 and this had been continued regularly ever since.

"It is none the less right that we should take seriously any evidence of an abnormally high rate of cancer, even though such evidence is difficult to assess," Mr Jenkin said.

The NRPB was working closely with epidemiologists at Oxford University to investigate the incidence of "clusters" of cases of leukaemia and other cancers.

Sir Douglas is to consider the evidence of an alleged cluster of leukaemia at Seascale, a village about three miles from Sellafield, "to determine the need for any further research and to make recommendations."

It was alleged in the programme that the incidence of leukaemia among children at Seascale was 10 times the national average.

Output of N. Sea oil surges ahead

By Richard Johns

OIL PRODUCTION from the UK sector of the North Sea is likely to average 2.3m barrels a day this year, in spite of Government assurances to the Organisation of Petroleum Exporting Countries (Opec) that output would not exceed last year's average of 2.06m b/d.

Mr Nigel Lawson, the present Chancellor of the Exchequer, gave the assurance when he was Energy Secretary at a meeting in the spring of this year with chief delegates of Opec. It was made during Opec's critical negotiations on a ceiling on output and individual quotas for members.

Opec leaders have appealed to non-member producers to restrain their production in support of the price structure established in the spring on the basis of a $29 reference for Arabian Light.

Figures released yesterday by the Department of Energy show that average output in January to September was 2.25m b/d. Last month it edged up to nearly 2.4m b/d and is likely to stay at that level until the end of the year.

While North Sea output has surged ahead, prices on the spot market have continued to weaken, apart from a temporary recovery in mid-October, because of anxiety over Iran's attempt to block the Straits of Hormuz.

Yesterday, the median buyer-seller rate for Brent Blend, the North Sea reference, slipped by another 5 cents to $29.52 per barrel, compared with an official selling rate of $30. Arabian Light fell by the same amount to $28.45.

As the market softens the Soviet Union and Egypt, the two leading non-Opec fringe suppliers, look most likely to offer discounts and undermine the price structure.

Underwriters face steep rise in subscriptions

BY JOHN MOORE, CITY CORRESPONDENT, IN LONDON

UNDERWRITING MEMBERS of Lloyd's, the London insurance market, face a sharp rise in their annual subscriptions to meet increased costs in the running of the market.

Members' subscriptions will rise next year from 0.75 per cent to 0.85 per cent of the allocated premium limits set down by Lloyd's which indicate how much insurance business can be accepted by underwriters.

Rising costs were similarly blamed a year ago when members were told that subscriptions would be raised from 0.6 per cent to 0.75 per cent of allocated premium income limits.

Sir Peter Green, chairman, said yesterday: "Like all businesses we have to balance the books." He said there were "three areas of what might be termed extraordinary non-recurring items which have a significant bearing on our overall costs." These were:

- A major upgrading of the data processing systems for the Corporation of Lloyd's, after an eight-year redesign of the market's data systems.
- Expenditure on Lloyd's new building. Estimates for the building costs stand at £157m, but Sir Peter said the costs of the project, high as they were, had not risen in real terms since the £157m estimate was made last year.
- High expenditure on the cost of financing an improved system of self-regulation in the market.

Sir Peter said that he could not give final costs which had arisen out of a rare market rescue mounted for the insurance syndicate once headed by Mr Frederick Sasse, which collapsed with £21m of losses.

"While we have been able to reach a financial settlement with nearly all the names on this syndicate, and have effected substantial reinsurance recoveries, there still remains one large potential recovery outstanding." Negotiations with insurers were in progress.

He gave a warning that should the recoveries be insufficient "a further contribution will be collected" from all those who were members of Lloyd's in 1980.

In the elections for five places on the Lloyd's ruling council, Mr Murray Lawrence, a director of C. T. Bowring and tipped to be the next chairman of Lloyd's, topped the poll with 2,647 votes.

Mr Ivor Binney, deputy chairman of C. T. Bowring and Co., came second with 2,320. Mr Michael Cockell of Willis Faber and Dumas (Agencies) polled 2,163 votes.

Licence given for new Glaxo antibiotic

GLAXO, Britain's fast-growing pharmaceutical group, yesterday received approval for the launch of Fortum, its first new drug since Zantac, its highly successful anti-ulcer drug which was introduced in 1981.

The UK Department of Health and Social Security granted the first product licence for Fortum, an injectable antibiotic. Analysts expect UK sales for the drug to reach £5m annually, with much larger sales expected when the drug is approved in the rest of Europe, the U.S. and Japan.

Glaxo's shares rose 22p in London yesterday, to close at 742p, after news of the licence.

The UK group recently won U.S. approval for its more established antibiotic, Zinacef, which already has European sales of about $100m a year.

Drugs like Zinacef and Fortum are the successors to penicillins and are primarily used in hospital to treat the most serious kinds of infection. In its recent annual report, Glaxo stated that Fortum was "an important antibiotic with all the characteristics necessary to become a major product."

The company expects approval for sales of Fortum in Italy shortly and the rest of Europe in the first half of next year. It is expected that the antibiotic will be on sale in the UK within the next two months.

- **BRITAIN's gold and foreign currency reserves rose by $200m in October, but only because of new overseas borrowing by nationalised industries and a revaluation of some gold holdings.**

After allowing for these, there was an underlying fall in the reserves of $61m. At the end of October the UK reserves totalled $18,102bn, compared with $17,902bn in September.

- **ADVERTISED demand for UK executives is running at a nine-year high despite a downturn between April-June and July-September, the Hay-MSL management consultancy says.**

Taking the first nine months of this year together, the number of senior jobs advertised in national newspapers was 25,526 – the highest nine-month total since 1974 and more than in the whole of 1982.

- **INTERNATIONAL Finance and Trust Corporation, the Isle of Man merchant bank which stopped trading in September 1981 with a deficiency of £5m, was wound up in the Chancery Court at Douglas yesterday. Creditors are to receive a distribution of 80p in the pound "within the next few weeks."**
- **EMPLOYERS and Government were accused yesteday by university chiefs of doing little or nothing to stop a "deeply disturbing" fall in the number of young Britons learning to speak foreign languages.**
- **MR DESMOND PITCHER, managing director of Plessey Communications, is taking over as chief executive of Littlewoods Group, Britain's largest privately owned company. He replaces Mr Philip Carter who is retiring.**

Writ against Howden interests

BY OUR CITY CORRESPONDENT

ALEXANDER SYNDICATE Management, the Lloyd's underwriting agent formed to look after insurance syndicates which were once run by Mr Ian Posgate, is taking legal action against underwriting and broking interests of Alexander Howden.

A writ has been issued by Alexander Syndicate Management against Alexander Howden Underwriting and Alexander Howden Insurance Brokers. The writ arises out of the alleged mismanagement of syndicates 126 and 127 by certain former Howden officers before the acquisition of Alexander Howden by Alexander & Alexander of the U.S., the world's second largest insurance broker.

Alexander Syndicate Management is the Lloyd's managing agent established by Alexander & Alexander, after its takeover, to handle the affairs of syndicates 126 and 127.

The agency company, although owned by the American group, was formed with independent management to protect the interests of the 3,000 or so members of Lloyd's who formed syndicates 126 and 127.

The writ alleges that reinsurances arranged for the syndicates Alexander Howden Underwriting and Alexander Howden Insurance Brokers, with a Panamanian company called Southern International Reinsurance, were wrongful and ineffective. Southern International "was not a bona fide insurance company of any kind," the writ alleges, but was controlled by four individuals connected with the two Alexander Howden companies.

A claim is also made for damages suffered by the syndicates "as a result of the substitute effective reinsurance" of the risks with a reputable reinsurer, Sphere Drake Insurance, "on terms less favourable to the syndicates" than they could have obtained elsewhere.

The underwriting agency is also alleging negligent and wrongful dealing by Alexander Howden Underwriting on a war account stop loss insurance policy. It is also claiming damages amounting to £219,826 on alleged negligent and wrongful dealing on a stop loss reinsurance policy placed with American International Underwriters Overseas.

Mr John Bogardus, chairman of Alexander & Alexander, said the issues contained in the writ had already been dealt with in correspondence between the agency company and the members of the syndicates. "This action does not affect our working relationship with Alexander Syndicate Management," he said, and "we will continue to protect the legitimate interests of the names" (the members of the syndicates).

Alexander Syndicate Management has been looking after the affairs of the syndicates in the wake of allegations by Alexander & Alexander that $55m had been misappropriated out of Howden's insurance interests by five former executives.

Pay awards running at average of 5.5%

BY PHILIP BASSETT, LABOUR CORRESPONDENT

THE GOVERNMENT estimates that pay settlement levels are running at just under 5½ per cent. This is based on an examination of early wage deals in the new pay round.

Mr Tom King, Employment Secretary, said yesterday that settlements still needed to be lower before the unemployed, the real victims of extravagant pay bargaining, could feel the benefit.

The Department of Employment rarely gives an estimate of settlement levels. It prefers to rely instead on its monthly index of average earnings movements, the most recent of which showed a 7.75 per cent rise in the 12 months to August.

Its present estimate is that early settlements are mostly running a little lower than the figure for last year of 5½ per cent. This is broadly in line with the latest estimate of 5.4 per cent by the Confederation of British Industry, the employers' body.

Mr King said there was now optimism about the economy and jobs. "But with this optimism there's a real threat if we think the battle has been won and relax just at the moment when we should be all the more determined to maintain our effort," he said.

He referred to the growing trade union call – exemplified in such pay disputes as Shell and Rolls-Royce – that people deserved higher pay rises after their sacrifices of the past few years.

He said: "Let's remember who made those sacrifices. The 20m people in work have in the last four years been paid 15 per cent more than the rise in prices.

"The real sacrifices came from all the people who lost their jobs during this time and the young people who saw so many job opportunities vanish before them."

Mr King said that the "real prize" was now before Britain. Latest estimates in the Employment Department showed that for the first time for four years, instead of a continuing loss of jobs, there were in the second quarter of this year 18,000 more people in work than in the previous quarter.

Lucas in alloy promotion

By Alan Cane

LUCAS Cookson Syalon, a joint venture of Lucas Industries and the Cookson Group, announced yesterday that it was manufacturing in quantity a UK-developed "wonder material" which has major applications in engineering, especially in the automobile and aerospace industries.

The material, Syalon, is one of the most important of the new engineering ceramics. Claimed to be as hard as diamond, as strong as steel and as light as aluminium, it it seen as the material of the future for everything from machine tool bits to gas turbine blades.

Dr Ralph Iley, chairman of Anzon, a Cookson Group company which is making the ceramic, warned yesterday that Japan and the U.S. would take the lead in exploiting Syalon unless the British engineering industry showed greater initiative. Some cars in Japan already had engines containing components made from the alloy.

Lucas and Cookson have already invested more than £2m in developing Syalon, which is protected by worldwide patents. It was developed at Newcastle University in north-east England. The raw materials for its production are being manufactured in a factory custom-built for Anzon at Wallsend, Newcastle, at a cost approaching £1m.

Licences for the manufacture and use of Syalon have been taken out by the machine tool manufacturers Kennametal of the U.S. and Sandvik of Sweden, who use it for cutting tool inserts.

Hitachi Metals, Hitachi, NGK Spark Plug, Mitsubishi Metals and one other large Japanese company have taken out licences, and discussions are going on with four large, but unnamed, U.S. corporations.

The Japanese company Isuzu, partly owned by General Motors, has developed ceramic engines using Syalon for parts such as precombustion chambers. Mitsubishi is expected to launch a motor vehicle turbocharger next year using Syalon blades.

The material, an alloy of silicon, aluminium, oxygen and nitrogen, will be produced in "tonnes a month rather than thousands of tonnes", according to Dr Alan Rae of Anzon. "This is just the start," he said. "It is an act of faith. We must manufacture on a large scale to bring the price down, but the material has to be used by the engineering industry on a scale large enough to make it commercially worthwhile. Demand would grow three or four times if Mitsubishi goes into ceramic turbochargers.

The new ceramics are exciting interest in the automobile and aerospace industries because of their advantages in weight and heat resistance.

NCB seeks plan to reduce coal output

BY JOHN LLOYD, INDUSTRIAL EDITOR

THE NATIONAL Coal Board (NCB) is drafting a new "Plan for Coal" which it hopes to agree with the unions and Government early next year.

The plan will scale down radically the output targets of the original Plan for Coal of nearly a decade ago, which is still formally in place. That envisaged coal production rising steadily to 200m tonnes a year by the end of the century. Instead, the markets have fallen and production has declined to 105m tonnes.

However, the pit closures to remove the immediate surplus in production of 6–8m tonnes a year, which is forming ever-higher stockpiles, will be balanced with a guarantee of a job for all younger workers, high pay-offs to men over 50 who wish to go, and determined efforts to maintain some production in all the major coalfields. These would include the big loss makers of South Wales and Scotland.

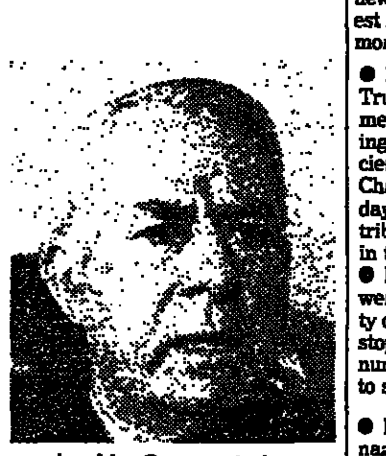
The NCB is studying drafts of the "new deal", which it will put to the three mining unions at a meeting early next month. The three – the National Union of Mineworkers, the National Association of Colliery Overmen, Deputies and Shotfirers and the British Association of Colliery Management – have agreed a common platform of expansion, opposition to closures and a ban on imports. The NCB will not accept this, but it is prepared to negotiate towards a common line to take to Government.

Mr Ian MacGregor, the new NCB chairman, believes coal production can expand again by the 1990s to fill a gap likely to be left in the UK energy market once the supply of natural gas declines.

In the short term, however, he is insistent that the industry must cut costs sharply to keep its share. The Central Electricity Generating Board is – in common with other national electricity utilities – looking increasingly to nuclear power, and the NCB can only slow the decline in demand from its main customer by a continuing assault on costs.

Some areas, however, are likely to remain a headache. Scotland has so much energy that it could meet all its needs and export a surplus to England without using any coal. Mr MacGregor is to visit Northern Ireland later this month to try to find industrial markets for Scottish coal.

Mr MacGregor is advocating a new strategy of treating each of the main coal basins as a whole, searching out their most workable reserves and exploiting these.



Ian MacGregor: trying to cut costs

Mercury jobs at risk, court told

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

EVEN IF the Government were to abandon its plans to "privatise" British Telecom (BT), the Post Office Engineering Union (POEU) would continue its campaign against Mercury Communications, the Court of Appeal in London was told yesterday.

The reason for that, said Mr Christopher Carr, QC, for the union, was that the arrival on the telecommunications scene of Mercury as the first private competitor of BT threatened the jobs of union members.

Mercury, which asserts that the union is out to destroy it, is appealing against a High Court judge's refusal last week to make temporary orders stopping the union's industrial action against the company. The POEU has instructed its members not to connect Mercury to the public network.

The High Court decided that the union was immune from legal sanctions with BT over its fear that privatisation would lead to lost jobs.

Mr Carr said that the uncontested evidence plainly demonstrated that there was such a dispute.

BT had entered into the agreement with Mercury; the union had said it would be resisted; BT had instructed its employees to connect up Mercury; the union had instructed them to refuse.

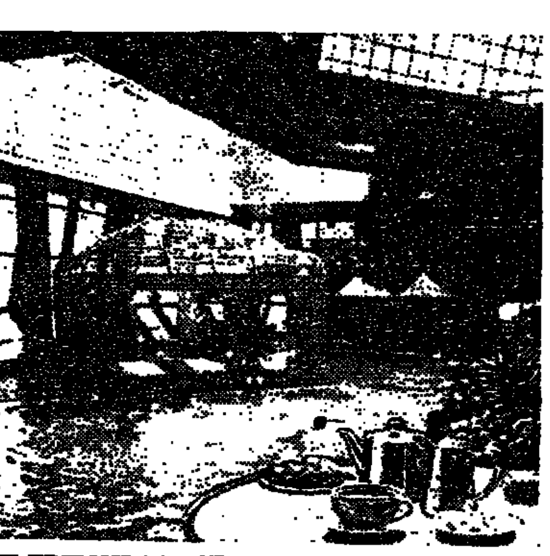
Mercury, said Carr, was asking the court to proceed on the footing that POEU members' opposition to competition was based on some principle of political economy espoused by workers favouring monopoly rather than competition.

That was wholly unreal, BT's employees were concerned about their jobs, not about economic theory, Mr Carr said.

Earlier, summarising Mercury's case, Mr Robert Alexander QC, said that the union was engaged on a campaign against Mercury, its shareholders and the government about the breakdown of BT's monopoly.

He denied that there was a dispute between BT and its employees

The hearing continues today.



Vickers wins £100m order

By Ian Rodger

THE UK ROYAL Navy has ordered a £100m ($149m) new diesel-powered patrol submarine, the type 2400, from Vickers Shipbuilding and Engineering.

The order, for a single vessel, is the only one so far received for the new design.

It helps to secure the 12,500 jobs at Vickers's Barrow-in-Furness yard and might also aid the company's attempts to find exports for the type 2400, which it helped to design and develop.

"This order has given us the seal of approval and is going to strengthen our hand in trying to sell overseas," Vickers said yesterday.

The type 2400 was designed to replace the 20-year-old Oberon submarines, and offers significant improvements in weapons and sensing equipment, noise reduction and economy. The crew required for a type 2400 is only 44, compared with 68 for an Oberon.

JOBS COLUMN

Put profits first, but don't forget people

BY MICHAEL DIXON

"THE LIE that's probably told most often is: 'The cheque's already in the mail.' The next is perhaps: 'Of *course* I'll love you just as much in the morning'," said Peter Reay, group personnel director of Cadbury Schweppes.

"But there's a third that is told mostly to line managers—it's: 'I'm from the personnel department. I've come here to help you'."

The audience of personnel managers laughed. But their reaction might have been different had the crack been made, not by one of their own kind at the Institute of Personnel Management's Harrogate conference, but by some other type of manager back in the organisation they work for.

In that case they could well have just put on the sort of glassy smile which, given in response to a joke about a wooden-legged lumberjack, suddenly reminds the teller that his listener walks with a limp. For with the exception of the industrial relations specialists who tend to be a tribe apart, Britain's personnel staff are sensitive about their image among the rest of management.

Their profession has grown a lot in a relatively short time. For instance, Mr Reay can remember when personnel management at Cadbury's consisted of duties like administering swimming pools, issuing free toothbrushes to new recruits, and organising inspections of operatives' hair before they entered the chocolate factory (once described by Martin Higham, recently retired recruitment manager of Rowntree's, as "Making sure you produced fruit-and-nut, not fruit-and-nit").

Although such piffling tasks have since sunk almost without trace under far weightier responsibilities numerous other executives — particularly the line variety—are still not convinced that personnel departments are necessary or beneficial. Hence a suspicion among some of their members these past few years that they are seen by production, marketing, finance and so on as little better than welfare officers elevated far above their station.

But the profession is evidently not going to smile glassily and bear that outdated image any longer. This year's annual conference was marked by evidence of a fresh determination to refute the shibboleth once and for all. The full-day session addressed by Peter Reay and several others was one example.

Not long ago its title would have been something like "Developing managers," implying that personnel specialists had superior knowledge licensing them to manipulate other executives like marionettes. By contrast the 1983 title was "Helping managers get results." The point that the results in question are the sort that show up favourably in the profit and loss account, was emphasised by various methods including Mr Reay's joke about often told lies.

Personnel chiefs should commit themselves to longer-run objectives by declaring them in measurable terms just like sharp-end executives. Inflexible procedures and all guru and constabulary attitudes should be dropped. The job is to supply line managers with the services they want, when they want them, at the price agreed on. That gives an idea of this year's message.

So it may seem churlish to criticise. But I'm still going to do so. After all, among the readers of this column, suppliers of personnel services are well outnumbered by people who have to consume those services and by no means always in the role of employees serving an organisation. They consume them in an individual capacity when seeking a new job, for instance, or help in surviving sudden dismissal.

My worry is that in the profession's urge to show that it contributes to profits it may increasingly neglect its wider responsibilities to people, not as units of personnel, but as human beings.

To be fair to the institute, it has lately made gestures in that direction too. It has drawn up a voluntary code of practice for increasing employees' participation in the running of organisations. The conference had a session which touched on the questionable morality of taking on people when a company is buoyant and jettisoning them when it isn't, like so much ballast.

But the fact remains that the conference discussion of ways of helping managers to increase their skills was concentrated on those marked out for continued promotion. There was explicit agreement to shun the embarrassing topic of executives who have been "plateaued," which apparently means scheduled for scrapping when the organisation finds it convenient.

Even though they have been less than outstanding, diligent and long-serving staff deserve better, and more than just a pre-paid course of redundancy counselling. The personnel profession should insist that companies themselves equip their people with skills valued on the external market and ensure they know what those skills are.

Also, now go-up-or-get-out policies have become general the profession should demand that the high risk of rejection in middle-age is spelt out clearly in companies' brochures aimed at recruiting future managers and specialists. By allowing that warning to be omitted, as it usually is, personnel managers effectively tell a worse lie than any cited by Peter Reay.

Pinch-proofing

HAVING twice had stereo sets stolen from his parked car in London this summer—once at night, once at mid-day—my son Jon decided to get out of the light-fingered city and drove 200 miles to stay at a country pub. He got up next morning to find the car had been stolen.

So he, probably like many others, can see the potential of a new product developed by Tag Radionics of Cambridge.

The latest product is based on a coded device said to enable anything to which it is attached to be identified by radio at a distance. But for the purposes of identifying its own new sales and marketing manager, the company has turned to Geoffrey King of Cambridge Recruitment Consultants.

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Inquiries to him at Courtenay Stewart International, 11 Maddox Street, London W1R 9LE; telephone 01-491 4014 or 499 1875, telex CSI 268312.

Challenge!

LASTLY, readers feeling up to the challenge of the 1984 national management championship still have a chance of some of the £5,750 prize money—provided they get on the 'phone right now to Tony Etchells, the contest's administrator, and deliver their £92 entry fee tomorrow morning.

His number is Windsor 68181, and address ICL, Beaumont, Old Windsor, Berks SL4 2JP.

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Financial Manager £30,000 - £35,000 + car Central London	Our client is the UK division of a prestigious, aggressive and independent oil and gas production and exploration company with t/o 1982 of £80m and total assets of £140m. Specific responsibilities include general and staff administration, expense budgetary control, tax planning, cash management and ad-hoc undertakings including joint ventures. A university degree is essential, in finance, accounting or economics, with a related post-grad or equivalent qualification. You must have a thorough knowledge and understanding of the oil and gas industry and special expertise relative to UK and US accounting, plus a good working knowledge of UK oil and gas taxation. Familiarity with corporate secretarial duties/responsibilities advantageous. Additional opportunity exists for all company secretarial matters and an invitation to join the Board. **Send full cv to Mrs. Pat Cook, PER, Central London Office, 4-5 Grosvenor Place, London SW1X 7SB.**
Company Accountant c£14,500 + car + benefits South Dorset	Situated in an attractive coastal area, this private company employing 30+, has a high reputation amongst major companies and MOD establishments for the design, development and production of electronic, scientific instrumentation. Continued expansion requires the appointment of a Company Accountant to take over the full spectrum of cost and management and financial accountancy duties. This would include: evaluation of present computer system; financial planning and control; monthly management information reports on cash flow forecasts, progress and deviations, capital expenditure appraisals, trial balance etc; control of sales, purchase and nominal ledgers; responsibility for all credit control matters; negotiation with MOD contract departments. Aged 30-40 the ideal candidate will be a qualified Cost and Management Accountant seeking a key position within a closely knit management team. Rewards and prospects are excellent for the right calibre person. **Send full cv to Mrs. Pat Yates, PER, 62-64 High Street, Southampton SO9 2EG. (0703) 38211.**
Senior Economist Trade Association c£10,000 + car + benefits London SW1	We represent a wide range of vehicle and component manufacturers, importers and dealers, and promote the interests of the motor industry and its contribution to the national economy. You will have responsibility for specific areas embracing economic and industrial policy, taxation, transport policy, EEC work and, supervise the work of others. With a degree in economics and five years' practical experience in commerce, industry or Government you must offer the ability to write papers clearly for the non-specialist, a sound working knowledge of French, oral and written, and a knowledge of the motor industry. **Please send full cv to: Mrs. C. Calnan, Personnel Officer, SMMT Ltd., Forbes House, Halkin Street, London SW1X 7DS.**

PER, Moorfoot, Sheffield, S1 4PQ. Central 24 hours answering service (0742) 750197.
Applications are invited from both men and women.

Fund Manager
John Govett Management Group

We are an independent investment management group with an established reputation in the City, managing funds of £700 million on behalf of investment trusts, pension funds and other institutions. We have recently expanded into the unit trust area.

Reporting to the Investment Director, you will be part of the team responsible for portfolio management and involved in decision making, with emphasis on the Far East and United Kingdom.

You will probably have a degree or a professional qualification, with at least 3 years' experience of investment analysis and management.

There are good career prospects and a competitive remuneration package.

Please write in confidence with curriculum vitae to:
Mark Cornwall-Jones, John Govett Secretariat Limited,
Winchester House, 77 London Wall, London EC2N 1DH.

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SOUTHERN GROUP MANAGER on 01-902 8876

Or write to him at Cannon Assurance Limited, 1 Olympic Way, Wembley, Middlesex HA9 0NB.

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GOVERNMENT OF ONTARIO

Ontario

BUSINESS DEVELOPMENT OFFICER
Salary £16,500

The candidate will have a sound knowledge of business in both the United Kingdom and Scandinavia. The individual will be responsible for continuing contact with British and Scandinavian companies, with a view to increased investment in Ontario. In addition, it will be necessary to develop a program to attract investors from his territory to Ontario.

The successful candidate will be a self-starter, result orientated, and accustomed to achieving targets, and will report to the Manager of Business Development. An ability to speak Swedish is desirable.

Interested applicants should forward complete curriculum vitae to:

Agent General for Ontario
Ontario House
Charles II Street
London SW1Y 4OS

CHARTERHOUSE APPOINTMENTS

I.G. Index Limited

Marketing Manager

The Company

I.G. INDEX LTD., a specialised bookmaker which has for eight years provided a service in the world's commodity futures markets, through a programme of continued expansion, is seeking to add to its existing team.

The Position

The Marketing Manager, responsible for projecting I.G. through media advertising etc. will effectively expand the company's client base by following up the leads generated.

The Applicant

The individual will already have experience in direct selling. An articulate, competent, and innovative executive looking for a rewarding challenge will view the position as one whereby he/she can capitalise on his/her abilities.

Remuneration

An attractive package envisaged as being between £15,000 and £25,000 p.a. including car, BUPA etc. awaits the successful applicant, likely to be aged under 40.

Charterhouse Appointments Limited has been retained exclusively to handle this position and all enquiries should be made to Nigel Collins on the telephone number below, where they will be treated in the strictest confidence.

Charterhouse Appointments Ltd.,
Europe House, World Trade Centre, London E1 9AA.
Telephone 01-481 3188

Tax Technical Director

Clark Whitehill Associates Limited is an umbrella organisation providing technical support to thirty independent firms of chartered accountants. A taxation director is now required to cope with the increasing work load.

Candidates, aged under 35, will be qualified with a good academic background and a broad experience of corporate and personal tax, probably gained in a large or medium sized firm.

The person appointed will provide tax planning and consultancy services to the thirty member firms and will also play a major role in developing the organisation's tax technical department in London.

This is a senior appointment offering excellent opportunities for advancement within Clark Whitehill itself.

Remuneration will be commensurate with the demands and responsibilities of the position.

Applicants should, in the first instance, telephone or write to Michael Garland, Clark Whitehill, Chartered Accountants, 25 New Street Square, London EC4A 3LN. Tel: 01-353 1577.

Clark Whitehill
Chartered Accountants

Corporate Finance Analyst

The West End office of a Kuwaiti investment group is seeking one or two Analysts for its expanding Corporate Finance activities. The work will consist primarily of the analysis of investment proposals worldwide but with an emphasis on the USA, UK, Germany and Switzerland, and the subsequent supervision of investments when made. Candidates are likely to be aged about 25 and have Merchant Banking or Accountancy experience — they must be prepared to travel. Salary will be by negotiation.

Applications will be treated in confidence, should be accompanied by a CV and be made to:

Michael Moore, COAST MANAGEMENT LIMITED,
8 Carlos Place, London W1Y 5AE.

FINANCIAL PR/MINING PR

Due to expansion two vacancies have been created offering challenging opportunities and commensurate rewards.

PR/MINING/ENERGY: An energetic bright professional required to concentrate on Australian and North American accounts. Ability to write simply and accurately essential.

FINANCIAL PR: Exceptional opportunity for a proven accounts director who will lead expansion for U.K. side of consultancy. Maximum incentives.

Written applications to:

M.D., City of London FPR Ltd.,
42 New Broad Street, London, EC2M 1QY.

Major Accepting House seeks...

Senior Fund Manager

Gilts and Fixed Interest Securities

We have been retained by the International Investment Services Division of one of the UK's leading Accepting Houses to present a short list of applicants possessing relevant gilts and fixed interest experience. The bank is renowned as one of the largest investment managers in the City.

The successful applicant will report to the Divisional Director and will fill the number two role within the fixed interest department. International and domestic levels of investment activity, in this market, have continued to expand leading to this current senior level appointment.

The position will appeal to an experienced professional, **with high earnings potential**, who seeks the challenge of an expanding and sophisticated role involving board level exposure and the guidance of junior staff. It is essential that the successful candidate be able to deal with major institutional and corporate clients as well as with the complex technical aspects of the market.

Interested applicants, possessing the relevant experience, should write enclosing a full curriculum vitae to **Roger Tipple, MA, Manager, Banking and Finance Division,** Michael Page Partnership, PO Box 143, 31 Southampton Row, London WC1B 5HY. All applications will be dealt with in the strictest confidence and discussion with ourselves will precede any submission to our client. Ref: 3343.

MP

Michael Page Partnership
International Recruitment Consultants
London New York
Birmingham Manchester Leeds Glasgow

Chief Leasing Manager

London Up to £19,200

British Telecom is one of the largest lessees in the UK, with a requirement in excess of £80 million a year.

Our Finance Department's Treasury Division is currently looking for a Chief Leasing Manager. His or her initial concern will be the existing leasing programme, the development of financing packages for customers, and off balance sheet finance.

Owing to changing requirements, an interesting and increasingly important part of the work will involve taking a new approach to debt financing, replacing government debt with finance raised through capital markets.

We are looking for someone with a good working knowledge of the UK leasing market, or related areas of banking practice, with several years of senior management experience. The proven ability to negotiate at a senior level is essential. An accounting qualification would be an advantage.

Starting salary for this London post will be in the range of £17,500–£19,200, including London Allowance.

Please apply, enclosing a c.v., to Tony Rodwell, (ref. F2), British Telecommunications, PS2.6, 9th Floor, 151 Gower Street, London WC1E 6BA.

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BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE and SHEFFIELD

Executive Selection Consultants

International Banking

Business Systems, London—City

A major international bank is currently in the process of reviewing its computer systems and operations. In order to achieve cohesive and compatible systems spanning the many complexities of international finance and payments, and to implement office automation, there is a need to recruit professionals to fill the following key positions:

Manager—Payment Systems Development to £22,000 + car

To act as an interface between Computer Operations functions and Payments Departments with regard to the planning and development of payment systems. Responsible for ensuring compatibility with existing systems and for identifying new applications for automation. The ideal candidate will be in the early 30's and a graduate with relevant experience within international banking. Experience must cover planning and managing independent projects within a complex environment, making full use of all types of hardware, including micros and minis. *Ref: 12269/FT.*

Manager—Office Automation/Information Centre to £22,000 + car

This is a new position with the need to establish policies for the implementation of fast-growing office automation techniques. Responsibilities will also include the establishment of a small staff to guide non-experienced user staff in the development of their own application of a data processing system. It is essential that candidates be fully conversant with the available hardware and software, and have successfully introduced office automation systems within a large corporation or bank. Ideally aged around 30 and probably graduates, their experience is likely to have been gained in an international bank, or within a large computer manufacturer. *Ref: 12270/FT.*

Manager—Technical Policy and Planning Group to £22,000 + car

The key responsibilities of this position are the development and maintenance of an Information Plan, together with strategic studies arising from the information planning process. Candidates will need to understand business strategies and plans, and be able to identify the strengths and weaknesses of existing systems in relation to these plans. Candidates will be ideally aged early/mid 30's and graduates, with experience in consultancy or in the business planning area of an international bank. They must be able to review the systems in use throughout the world against the strategic requirements and initiate studies to determine the policy implications of alternative strategic approaches. The capability to explain these issues in business terms to the senior management of the Bank is a fundamental requirement. *Ref: 12272/FT.*

Manager—Control and Administration Group to £19,500

The principal responsibility will be the monitoring of approved projects against budget by means of compiling reports at relevant intervals showing direct and indirect costs allocated against budgets. Other duties will include the dissemination of systems development standards and methodology, maintenance of a document library and the formulation of a departmental training plan. The ideal candidate will be mid/late 20's, a graduate, with an accounting background, and must have project control experience, a systems background and strong administrative abilities. *Ref: 12271/FT.*

All positions are very visible and well-developed inter-personal skills are essential. Full benefits associated with a major employer are available, including non-contributory pension, BUPA, subsidised housing finance, free banking facilities and relocation assistance if appropriate. Interviews will be held in London.

Male or female candidates should telephone in confidence for a Personal History Form, quoting appropriate reference to: *J.R. Featherstone,* **0532-448661,** *Minerva House, East Parade,* **LEEDS,** *LS1 5RX.*

LEGAL APPOINTMENT

TEXAS EASTERN

Solicitor/Barrister

Texas Eastern North Sea Inc. is actively participating in North Sea exploration and production activities. We have played a significant role in the development of North Sea oil and gas production since the mid-1960s. Now we wish to appoint a barrister or solicitor to join our London operations as our sole in-house Counsel. The successful candidate should have from five to ten years of substantial oil and gas experience, preferably in the North Sea. This person should be thoroughly familiar with joint bidding agreements, exploration and production licences, joint operating agreements, and unitization agreements.

This position offers an attractive salary and benefits package. Letters of application, together with CV and salary history should be sent to Texas Eastern North Sea, Inc., c/o Mr A. J. Soundy, Ashurst Morris Crisp & Co., Broadgate House, 7 Eldon Street, London EC2M 7HD.

Antony Gibbs & Sons, Limited

Corporate Finance Executives

Antony Gibbs and Sons, Limited, the London merchant banking member of the HongkongBank Group, is looking for executives aged 24 – 30 to join its expanding Corporate Finance Department.

The requirement is primarily for graduates who will either be chartered accountants or numerate lawyers with at least two years appropriate experience or who alternatively will have a relevant background in stockbroking or project finance.

The work will cover all aspects of domestic and international Corporate Finance and prospective candidates should be willing to travel.

Attractive salaries, which will depend on experience, will be negotiated.

Applications, which will be treated in complete confidence, should be sent with a full curriculum vitae to:–

C. E. Fiddian-Green,
Antony Gibbs & Sons, Limited,
3 Frederick's Place, London EC2R 8HD.

IS YOUR POSITION AS SECURE AS THE INVESTMENTS YOU RECOMMEND?

The investment community is witnessing a great many changes just now – and not all of them for the better.

If you manage private client funds and feel that it's time to make a move to a more secure environment then we'd like to hear from you.

We're a Scottish financial institution with London offices and we're currently expanding our private client portfolio management services. We're offering a very attractive salary and a wide range of related benefits.

If you feel that you have what we're looking for, then why wait? Write, in the first instance, with full details of your experience to:

Richard Hardwick
VALIN POLLEN FINANCIAL MARKETING
46 Grosvenor Gardens
London SW1W 0ED

INTERNATIONAL ECONOMIST
INVESTMENT BANKING

Age 30+ Salary: £30,000-£40,000+

This key appointment, at Director level, within the newly-established London branch of a major U.S. Investment House calls for a senior and very experienced Qualified Economist to play a significant part in the formulation of the firm's Investment Policy.

Additionally, the appointee will participate in the world-wide marketing of the Company's International Asset Management Services, and thus must be well able to produce lucid and meaningful extrapolations, for internal and client consideration.

Previous experience in this sphere will be a decided advantage.

The above salary will be augmented by substantial profit sharing and a company car.

Please contact, in the strictest confidence:
ROD JORDAN (Managing Director)

RODAN RECRUITMENT LIMITED
14 DEVONSHIRE SQUARE · LONDON EC2M 4TE · TELEPHONE: 01-377 1199

Financial Executives

£16,000-£25,000

Our client, a major British Group in the leisure industry, is expanding rapidly and needs to strengthen the senior financial management of the company.

Ideal candidates will be aged 28-38, have excellent qualifications in either accountancy or economics and preferably an MBA.

Successful candidates will be highly numerate, dynamic individuals with the ambition to succeed in a sophisticated company practising modern methods and techniques.

Please reply, in strictest confidence, to Carol Speed, Kynaston International, Edman House, 17/19 Maddox Street, London W1R 0EY or telephone 01-629 3727 for further information.

KYNASTON INTERNATIONAL

International Banking
Realise your True Potential as a Lending Officer

Our client, a leading US international bank, invites applications from bright, innovative young bankers for positions in its European, Middle East and Africa Division in London.

The Bank offers a full range of services to its customers throughout the world and the responsibilities of these positions will include credit control and analysis plus the development and servicing of relationships with public/private sector clients and banks. These assignments offer long term career opportunities for self starters who can demonstrate negotiating skills and are ready to accept the challenge of producing results in a competitive environment, both in the UK and overseas.

Education to degree standard or a professional qualification is required and it is anticipated that the successful candidates will have had 2-3 years' analytical and marketing experience subsequent to the completion of a formal credit training course.

Compensation will be commensurate with qualifications and experience and will include a comprehensive range of generous fringe benefits. Relocation assistance will be provided, if necessary.

Interested? Then, listing separately any Companies for which you do not wish to be considered, write to me, Richard J. Sowerby, Senior Consultant at Cripps, Sears & Associates Ltd., (Personnel Consultants), 88/89 High Holborn, London WC1V 6LH, and I shall pass on your details to our client for consideration, if appropriate.

Cripps, Sears

Financial Controller

HIGSON PING

fmcg

Surrey £20,000 + Car

This British company, part of a giant multinational but with virtual autonomy, manufacturers and markets many famous name consumer products throughout the UK.

Due to promotion a new Controller is required to look after a highly profitable division with some £70m gross sales. Reporting to the Group Financial Director he/she will have 8 staff and strong computer support (IBM range).

Candidates will be aged 30-45 (ideally 33-38), probably qualified accountants but will be of degree standard (ideally Economics or MBA) and essentially must have a sound grasp of business operations to enable him/her to contribute as a key member of the Division's senior management team.

This person will be joining a winning team with an exciting future.

Please write in complete confidence to A. Higson enclosing a detailed CV and Quoting H.1725(T).

Higson Ping Ltd./Executive Recruitment Consultants.
110 Jermyn Street, London SW1Y 6HB.
Telephone: 01-930 4196 (24 hour answering service).

A direct line to the executive shortlist

InterExec is the only organization specialising in the confidential promotion of senior executives.

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InterExec's qualified specialist staff, and access to over 100 unadvertised vacancies per week, enable new appointments at senior levels to be achieved rapidly, effectively and confidentially.

For a mutually exploratory meeting telephone:

InterExec

London	01-930 5041/8	19 Charing Cross Rd, W.C.2.
Bristol	0272 277315	30 Baldwin St.
Edinburgh	031-226 5680	47a George St.
Leeds	0532 450243	12 St. Paul's St.
Manchester	061-236 8409	Faulkner Hse. Faulkner St.

The one who stands out

PORTFOLIO MANAGEMENT

WE REQUIRE AN ASSISTANT INVESTMENT MANAGER

The successful candidate will be initially expected to concentrate in the UK equity market and to make an early contribution to the group's investment strategy and at a later date to assume responsibility for part of the portfolios as well as assisting in the administration of the portfolios.

Applicants with a degree should have a minimum of three years' investment experience with an institution or stockbroker. Applications from non-graduates with longer periods of experience are also invited.

The commencing salary will be negotiable c. £13,000 and fringe benefits include mortgage subsidy and non-contributory pension.

Reliance Mutual

For an application form please write or telephone:
Personnel Manager
RELIANCE MUTUAL INSURANCE SOCIETY LIMITED
Reliance House, Tunbridge Wells, Kent
Telephone: Tunbridge Wells 22271

International Appointments

Accountancy Appointments

Oil Tax Manager

Our client, a leading international firm of chartered accountants, is looking for a tax specialist to join its Energy tax group at manager level.

Candidates will be qualified accountants, or have a relevant Revenue background, (aged about 30) with at least 5 years' corporate tax experience. They will be able to communicate effectively at all levels. Previous oil tax experience is preferred, but is not essential.

The position offers an excellent opportunity to the successful candidate to acquire high level experience in this demanding and challenging area of taxation.

The successful candidate will support two principals in the Energy group and will assist in the provision of tax advice relating to complex problems in the oil industry, and will also be responsible for compliance work and negotiations with the Inland Revenue on behalf of the firm's oil industry clients.

Salary will be commensurate with experience and the responsibility of the position offered and a car will be provided.

Please apply in confidence giving personal and career details and mentioning any company to whom you do not wish your application to be forwarded to: Sue Wallworth.

LAS

LONSDALE ADVERTISING SERVICES LTD
Hesketh House, Portman Square, London W1H 9FG Tel: 01-486 5877

Newly-Qualified Accountants (Banking)

City **£12-£13,000**

Our client is one of the largest and most prestigious banking groups in the U.K. Continual expansion of its activities means that the finance function wishes to build up its accounting resources to fill positions that arise.

They are willing to make a considerable investment in several young accountants, who wish to make a career in the accounting function in banking, by giving them experience across a wide range of the group's activities.

Suitable candidates will be graduates, who have recently qualified as chartered accountants with one of the international firms. Self-starters with a strong personality, enquiring mind and ability to work well under pressure are called for.

In addition to an attractive initial remuneration, other banking benefits will become available after a short qualifying period.

Please send a detailed c.v., in confidence, quoting ref. N1295/L, to M. J. H. Coney, Peat, Marwick, Mitchell & Co., Executive Selection Division, 165 Queen Victoria Street, Blackfriars, London EC4V 3PD.

PEAT MARWICK

Financial Controller Hertfordshire

Our client is one of Britain's most efficient manufacturers of speciality products for industry. With sales of over £25m., half exported, their profit record and customer base will assure continued growth.

We are seeking a young, qualified, and resourceful Financial Executive to be responsible to the Financial Director for the management of the accounting departments. The initial task will be to concentrate on systems and manufacturing costs. Success will lead to promotion opportunities which can be clearly defined.

The compensation package envisaged is £20,000, with car and other benefits.

If you are around 35, and believe you have the drive and ability to contribute to the modern financial management of an excellent Company, reply in confidence to:

Wendell S. Clough

CLOUGH ASSOCIATES LIMITED
14, Grosvenor Place
London SW1X 7HH

Financial Controller

Construction & Property

South Hampshire

c £17,500 + Car

With its strong assets base and high reputation in the industry, this medium sized well established construction and property group is looking to the future with considerable confidence. Following a period of rationalisation, the young top management team is now poised to take full advantage of the impending upturn in the market.

Efficient accounting and quick, reliable and pertinent management information will be critical and they have decided, therefore, to appoint a top calibre Financial Controller to be responsible to the Managing Director for all financial apsects of the group's affairs.

Applicants should be qualified accountants, aged 30-40, with several years' industrial experience including ideally some in the construction industry. Indepth exposure to computer-based systems is an essential requirement.

There is an attractive remuneration package and excellent prospects of a Board appointment in the short-term.

Please send concise details including salary and day-time telephone number, quoting ref: H2007A, to W.S. Gilliland, Executive Selection Division.

Thornton Baker Associates Limited, Fairfax House, Fulwood Place, London WC1V 6DW.

Financial Director

Manchester Region – Clothing

An autonomous £15M manufacturing and marketing subsidiary of an international group wishes to appoint an experienced professionally qualified accountant to this key role supporting the Chief Executive.

Principal responsibilities encompass financial control through budgets, cash planning and the monitoring and reporting of business performance and general administration.

Applicants must be able to demonstrate a breadth of financial experience, preferably in consumer goods and including manufacturing control, coupled with a distinct commercial awareness.

They must be capable of providing initiatives in the further development of a partially computerised system.

The post is unlikely to interest anyone presently earning below £15,000 per annum and the package includes an executive car, pension scheme and BUPA.

Write with full personal and career details to the address below *quoting ref: M9478/FT on the envelope.* Your application will be forwarded to the client unopened, unless marked for the attention of our Security Manager with a note of companies to which it should not be sent. Initial interviews will be conducted by the client.

PA

PA Advertising

Norwich Union House, 73-79 King Street, Manchester M2 2JL.
Tel: 061-236 4531

Management Opportunity

Corporate Audit

Central Southern England £15,750 + Co. car

Our client, a multi-national high technology corporation, is a world leader in telecommunication systems.

A large number of main frames and mini computers are used throughout the business and are fully accepted as an important tool of management. The internal audit unit, which is part of the corporate staff, has a wide ranging responsibility to the Executive Management Committee to report on the quality and suitability of business control systems.

Candidates who will probably, but not necessarily, be qualified accountants, should have at least 2 years' senior auditing experience in the profession or the internal unit of a major corporation. In addition, candidates should be able to demonstrate successful line responsibility for an accounting department because this position is seen as an assignment prior to taking up a management appointment in one of the subsidiary companies. Salary is negotiable, there is an attractive re-location scheme where appropriate, and a large company benefit package.

In the first instance, contact Bruce Crammond on 01-631 4184 or write to:

A & A Consultants (Holding) Limited, County House, 10 Little Portland Street, London W1N 5DF.

scope executive

FINANCIAL ANALYSIS MANAGER

BASINGSTOKE **neg. £15,000-£17,000**

Our client is the UK subsidiary of a $4½ billion turnover U.S. manufacturer of high technology electronic equipment. The UK company has recently secured a £20 million contract to provide such equipment in a major British project and is expanding its manufacturing facilities accordingly. This has led to an internal reorganisation creating a number of vacancies including a Financial Analysis Manager.

The position will carry responsibility for financial planning, forecasting and budgeting and the provision of management information of an on-going nature to enable the company's management at board level to maximise production efficiency and product profitability during this period of rapid expansion. A small, highly-qualified staff is available to assist in these responsibilities and there are ample micro-computing facilities. Successful conduct of this key role will almost certainly lead to early advancement either within the UK operation or its European Head Office.

Applicants should be qualified accountants, aged 27 to 35, with at least three years' practical experience in a management accounting function within a multi-national environment. They must be familiar with computerised management information systems and be capable of directing and motivating a staff of part and fully qualified individuals. The company will place special emphasis on the display of creative thought and a radical approach to the solution of business problems.

For further details of this excellent career opportunity please telephone or write to: **JIM CADMAN**

Scope Executive (Recruitment and Consultancy) Limited

10a London Mews, London Street, London W2. 01-402 7162

scope executive Recruitment & Consultancy

Senior Group Accountants

MIDDLE EAST

Our client is a well-established rapidly growing Saudi Arabian conglomerate, with 20 operating divisions covering the food industry, large scale importation of household and electrical appliances, contracting and construction, shipping, the petroleum industry and general trading.

We seek two Group Accontants (Chartered Accountant, American CPA or equivalent) to be based in Jeddah. Both will report to the Group Finance Director.

The first will have responsibility for finance management aspects of several operating divisions and experience should have covered accounting, analysis and planning, costing, auditing and budgeting. Good written and spoken Arabic is required.

The second (Arab or non Arab) is required as Financial Co-ordinator for the Group's oil/petrochemical contracting business, involving responsibility for a major multi-million Dollar refinery project and several joint ventures. Costing experience essential.

Attractive salary, plus bonus, car and good fringe benefits, including free furnished accommodation and expatriate package.

Reply in complete confidence to Personnel Search, 2/4 King Street, St. James's, London SW1Y 6QL. Telex: 914860. Telephone: 01-930 5524.

FINANCE DIRECTOR

(Designate)

£25,000 + Based Wiltshire (Relocation Allowance)

Broad based group – U.K. and U.S.A.

Applicants must:

★ Have professional qualifications – FCAA, FCMA.
★ Have at least 5 years commercial experience.
★ Have imagination, ability to communicate at all levels.
★ Have strong personality and ambition.
★ Have the gift to relate figures to business reality and to maximise resources and profits.

Marketing organisation/service industry background preferable.

Reply in confidence to:
The Chairman
Box A8350, Financial Times
10 Cannon Street, London EC4P 4BY

Qualified Accountants for Banking Management

Age 25-27 **Up to £16,600**

One of the leading UK clearing banks is looking for six qualified accountants in the age range 25-27 for careers in management.

These are *not* specialised financial appointments. The successful candidates will be given one year's intensive training, including residential courses, in the complete range of banking activities prior to selection for a branch management position.

Applicants should be of Chartered status and possess a keen intellect and marked leadership qualities, together with the personality, commitment and ambition necessary to achieve Senior Management status.

Total initial remuneration will be up to £16,600 (including London allowance), with other employment benefits comprising pension, 6 weeks' holiday, B.U.P.A., subsidised mortgage facilities in certain circumstances, and loan schemes.

Please write in the first instance, with full c.v. and details of current remuneration, to the address below. (Reference 977 must be quoted on your envelope. Enclose separately a note of any companies to which your application should not be sent.)

This appointment is open equally to men and women.

Peter Sainty, Everett's Recruitment,
172 Drury Lane, London WC2B 5PJ

EVERETT'S recruitment

ACCOUNTANCY APPOINTMENTS Appear Every Thursday. Rate £31.50 per single column centimetre

ema

Chartered Accountant
The Morgan Bank

London + Overseas Travel
c. £15,000 + Major Benefits

Morgan Guaranty Trust Company of New York is one of the world's leading international Corporate banks. The development, review and control of operational and information systems and procedures at the bank's autonomous branches is of vital importance.

The Accountant will be a key member of a small team, assuming individual responsibility for projects in Europe, the Far East and South America. Based in London and travelling up to one quarter of the time he or she will provide audit and consultancy services to branches and affiliates, assist in training and carry out specific systems reviews, gaining substantial exposure to both senior management and computer systems development.

The benefits offered include a mortgage subsidy scheme and an annual profit sharing bonus. Applicants should be graduate chartered accountants with systems or audit experience gained in a major professional firm. Please telephone or write to David Hogg FCA, quoting reference I/2186.

EMA Management Personnel Ltd.
Halton House, 20/23 Holborn, London EC1N 2JD
Telephone: 01-242 7773 (24 hour).

Commercially Bright

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Contact John P Sleigh FCCA on 01-405 3499 quoting ref. J/63/TF

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TECHNOLOGY

EDITED BY ALAN CANE

FOR SO LONG FLEXIBLE MANUFACTURING HAS BEEN MORE TALK THAN ACTION—NOW INTEREST IS REAL

FMS—a way of thinking

BY GEOFFREY CHARLISH

IN THE TWO years in which flexible manufacturing has achieved industrial awareness, several hundred implementation attempts have been made worldwide. But a high proportion have not turned out to be a financial success.

A recent survey by Ingersoll Engineers showed that of 50 installations in Europe, the U.S. and Japan, only two or three appeared to provide anything like the actual financial performance predicted for them.

Quick financial return may simply not be a consideration if, for example, one is consistently losing market share by virtue of untimely or inappropriate products.

John Airey (Cambridge Consultants) and Clifford Young (Arthur D. Little) quoted a case in Japan in which the number of machines in use was reduced from 68 to 16, the number of employees from 215 to 12 and the processing time from 35 to 1.5 days. But the financial return over the first two years was only $6.9m on an investment of $18m.

"Using conventional accounting principles say Airey and Young, "this scale of return on investment would be difficult, if not impossible to justify."

The lesson, repeated by several speakers at the London meeting, is that the wrong yardsticks are being used. Quick financial return may simply not be a major consideration if for example, one is consistently losing market share by virtue of untimely or inappropriate products.

Many managers buying production equipment assume that the impact of the investment is limited to the immediate environment of the equipment—producing, say, a reduction of direct labour. With FMS, the benefit derives from the linking with other systems, producing wider benefits extending into the market place and beyond manufacture of the product itself.

Furthermore, the real value of the hardware involved does not, as is often conventionally assumed, reduce with time. There are three reasons: understanding of the possibilities increases; technical upgrading is more likely than with conventional production hardware to give even better results: and the system's intrinsic flexibility allows it to acquire production capacity incrementally with time.

The situation was well summed up by G. R. Staples of Urwick, Orr and Partners: "If there ever was a case for showing how manufacturing aims can be supportive of, and integrated with, those of the business as a whole, then FMS is that case."

Staples felt that there were several allies that a production manager or director might cultivate. The marketing director for example, will often be one of the first to complain that prices are too high, lead times too long or unreliable and that too much time is spent getting new products tested and launched.

In Urr Orwick's most recent project, product cost fell by 16 per cent, the delivery lead time was cut to two weeks from six and the resulting products were "consistent and almost certainly faultless in quality terms."

But it is the finance director who should warm most quickly to FMS. In another recent project Staples quoted, there was a 30 per cent reduction in the holdings of the raw materials store, a remarkable cut of 93 per cent in work in progress and a 65 per cent drop in finished goods awaiting shipping. All these resulted from the fact that FMS makes products as they are called for, when they are needed.

The reductions funded 40 per cent of the total capital requirement; after deducting the normal replacement capital requirements and the DOI grant, a 2.5 year payback was achievable.

FMS cannot be applied piecemeal and that is the main reason why success has been limited.

Peter Dempsey of Ingersoll Engineers in a keynote paper on the first day claimed that what was now happening in discrete item manufacturing is similar to what happened in the process industries many years ago. There of course, the product flows in pipes and except on a small scale, production does not take place on a batch basis.

That is why process control is now the most advanced segment of industry in production terms. According to Dempsey, general manufacturing needs similar treatment.

"Ultimately," said Dempsey, "it will mean wresting manufacture away from human interference in much the same way as has happened in the oil refinery, sugar factory or cement plant.

"FMS," said Dempsey, "is a way of thinking. It is not about technology." It starts in his view with the fairly obvious fact that only one set of components is needed to make a product, which can then be sold.

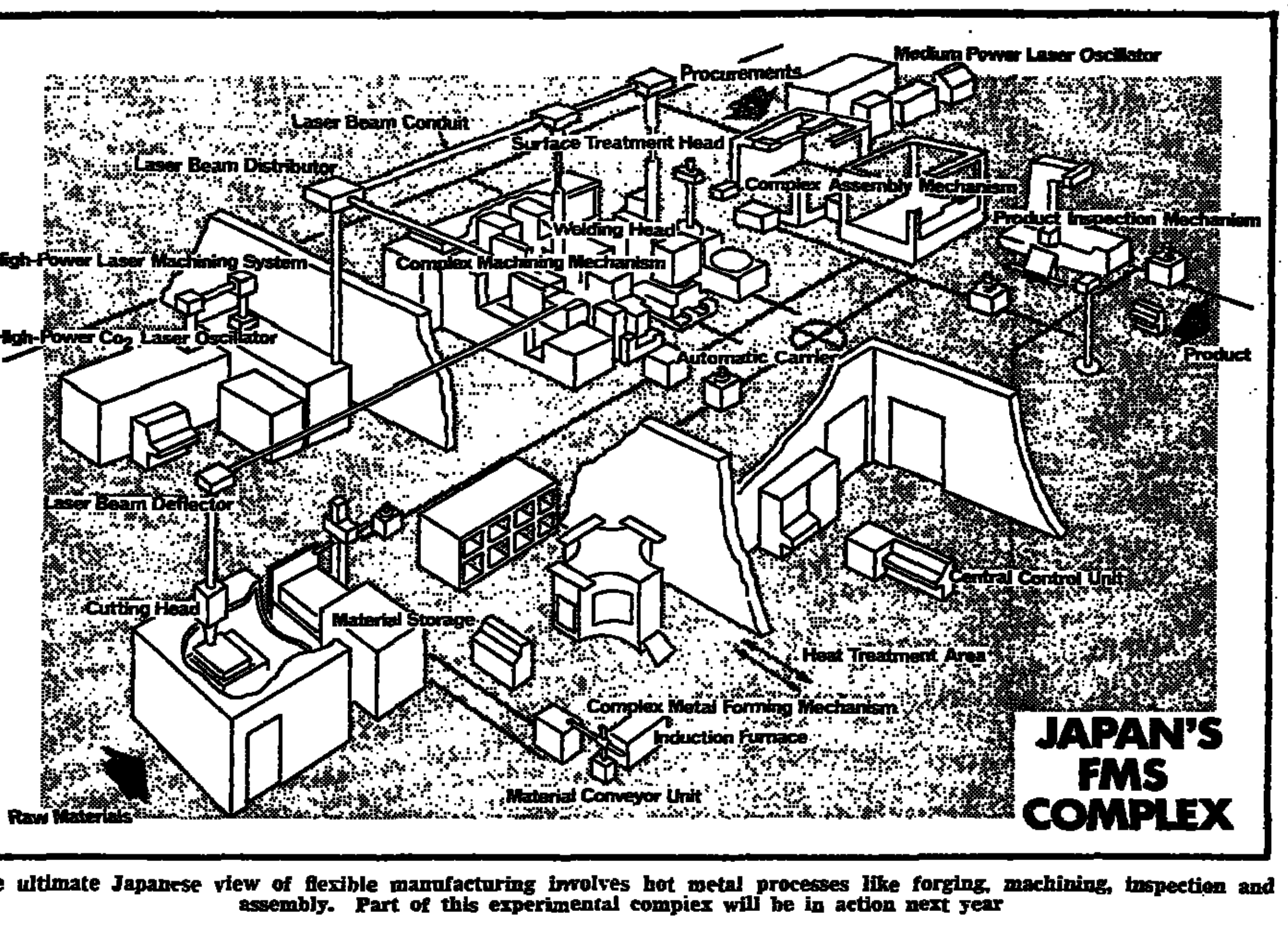
"The shortest simplest, and leanest route therefore is to make one set of components at a time, assemble and ship them, but to make them on facilities which are also flexible enough to manufacture variants or, indeed, other sets of similar components for other products."

Dempsey put up a slide which showed manufacturing operations in a block diagram linked by large blobs marked "added burden." They represented accumulating batches of parts, rejected or damaged components, hold-ups for rectification, and all the other things that contribute to delay and overhead costs in a factory.

The blobs Dempsey reminded the audience, also represent "the droves of people who handle the paperwork or spend their time putting things right that should never have gone wrong in the first place."

But FMS cannot be applied piecemeal and that is the main reason why success has been limited. The whole manufacturing process throughout a group or company has to be brought under control.

He claims that many present FMS systems round the world are plannel for components or assemblies which suit only the mechanical characteristics of the FMS rather than around the requirements of the product for its components. The result



The ultimate Japanese view of flexible manufacturing involves hot metal processes like forging, machining, inspection and assembly. Part of this experimental complex will be in action next year

Design with the future in mind

AT THE moment, FMS is seen by most production executives in terms of the linking of metal removal machines in a rather "pure" workshop environment.

Increasingly, however, there is a tendency for "workshop thinking" and "computing thinking" to converge under the umbrella of CIM or computer integrated manufacturing.

The idea is exciting. It will mean, for example, that manufacturing data generated from a design data base in advanced forms of CAD (computer aided design) will be used to tell the FMS system the necessary manufacturing details about the products it is handling.

In due course there is absolutely no technical reason why sales orders, scheduling and other data generated in the long-used "factory computer" should not also form part of the increasingly embracing store of information. Then, at some point in the future the factory controlled by one data base (but a considerable number of computers) will be attained.

As Peter Dempsey pointed out in his overview paper, with a CAD/CAM system linked to the factory business/admin computer, a customer order can be computer simulated even before the order is accepted and certainly before it sees a piece of metal. So profitability and pricing can be determined in advance.

"The overriding problem with this," says Dempsey "is that since the various computer systems are frequently purchased at different times from different sources, compatibility cannot occur unless it is planned."

There are not many instances yet of large scale ab initio planning simply because of the cost. But the U.S. Air Force is known to be applying these ideas over multiple sites.

Dempsey thinks that the future may not necessarily be one of increasing complexity, "involving CNC tools, guided vehicles, lasers, tool changers, robots and computers everywhere."

He reminded the London audience that many assembly operations that are simple for the human hand are inordinately difficult for the machine and that the human hand is still a rather good handling device. Furthermore, stockpiles of work in progress do not arise due to some lack of machinery — only because humans have decided they shall exist.

Dempsey recalled an installation in 1968 in England that had only one numerically controlled machine tool (the rest were operator controlled), a £40,000 conveyer system, and no computer at all.

"That simple layout," he said, "gave cost savings that many companies would be glad to receive today."

One consultancy company, according to Dempsey, conducted an analysis which showed that on average, 40 per cent of the benefits predicted for an FMS are achievable, or have been achieved, even before the FMS is delivered (or within six months).

It was merely that the planning process itself highlighted existing custom and practice detrimental to cost and "which could be put right without any mapor investment."

FMS takes off

THE CONCEPT of flexible manufacturing systems (FMS) seems suddenly to have become an industrial focal point after a year or two in which much talking took place but, in the West at any rate, not much action could be observed.

The fact that 400 delegates from 24 countries attended the recent "FMS 2" conference at the London Hilton, including some from far away places such as China and Australia, says something about the interest now being taken in the idea.

Some delegates to FMS 1, held last year in Brighton, "might have left as confused as when they arrived" said Tom Brocks, managing director of IFS Conferences, the organisers.

But this year there was something for everyone, from beginner to buff, in what was certainly the most comprehensive event on FMS to date.

Keith Rathmill, Professor of Robotics and Automation at Crafield chaired the conference, at which an astonishing 70 papers were presented in three parallel streams over three days, on subjects ranging from corporate implementation policy to the use of lasers and computer simulation.

A universal definition of FMS might never emerge and its scope is widening all the time as it meets parallel developments in computer assistance either on or near the shop floor in the so-called integrated manufacturing, CIM.

Basically however, the idea is to link production machinery, handling devices and transport systems using computer control and communications systems so that different components of the same general size and kind can be made in any sequence, without major upheavals each time there is a product change.

There are major implications in terms of product cost and the way in which a company can position itself with new, high quality products brought to the market both more frequently and more quickly.

John Butcher, Under-secretary of State for Industry opened the London conference and revealed that the Government had supported 14 installation projects and had a further 42 under examination in the UK. He emphasised that his department was just as anxious to help smaller companies as larger ones and could also offer help in upgrading existing manufacturing units on a step-by-step basis.

Projects around the world

JAPAN

IN JAPAN a "flexible manufacturing complex", FMC, has been under development since 1977

The approach has been to start from "square one" and develop new hot metal forming processes that will ensure that any parts used in the subsequent flexible machining and assembly systems will be as near to the final shape as possible. Metal removal is reduced to the minimum.

The processes include: hot isostatic pressing, in which complicated parts like gearwheels can be formed from metallic powder in about an hour; automatic open die forging in which basic cylindrical and prismatic blanks might be turned into say, stepped shafts or bushes; disc-ring rolling for the production of grooved annular shapes for example; and a multi-ram precision machine that allows complicated forging under computer control.

Under construction at Tsukuba Science City is a test plant that will integrate laser machining, complex multiheaded machining systems, automatic assembly and automatic inspection.

BRITAIN

AT LOUGHBOROUGH and Nottingham universities—among others—they are trying to conquer "fear of starting" in FMS (the fear that the wrong initial system structure will be chosen) by developing simulation techniques based on CAD (computer aided design). At Strathclyde University computer modelling techniques are being developed and at Cranfield similar approaches were used to model the 600 Group's recently announced SCAMP system.

ITALY

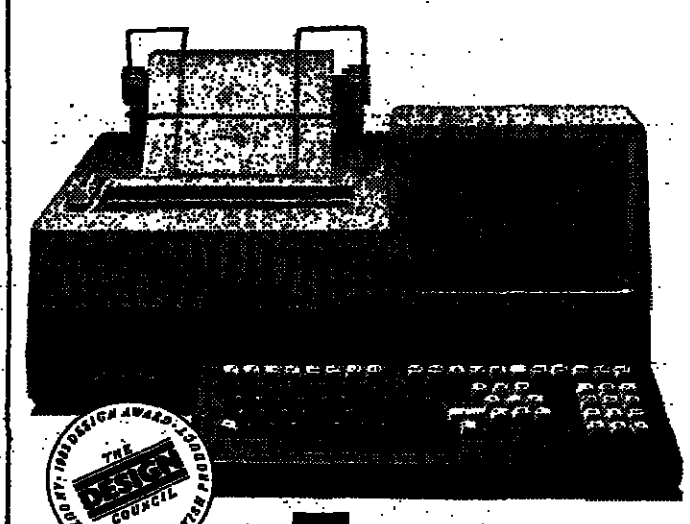
THE ITALIAN company Coman S.p.a., of Modena will be delivering to the Borg Warner plant in New York at the end of this year a system that will machine, from casting to finished part, all the main components of a wide range of industrial refrigeration compressors.

FRANCE

IN FRANCE the Citroen "flexible manufacturing cell" is in the final stages of commissioning in the Meudon plant in Paris. It is organised around two five-axis machining centres fed and controlled by computer. Cylinder heads, gearbox casings, differential housings and similar components are milled, drilled, bored from raw castings.

WEST GERMANY

IN GERMANY Trumpf and Co. of Stuttgart has developed systems that deal with sheet metal products and has sold two to Brown Boveri. They are based on the company's latest punching/profiling machines, coupled with a new combined loading and unloading device, rail mounted cars, pallets and an automated materials store.

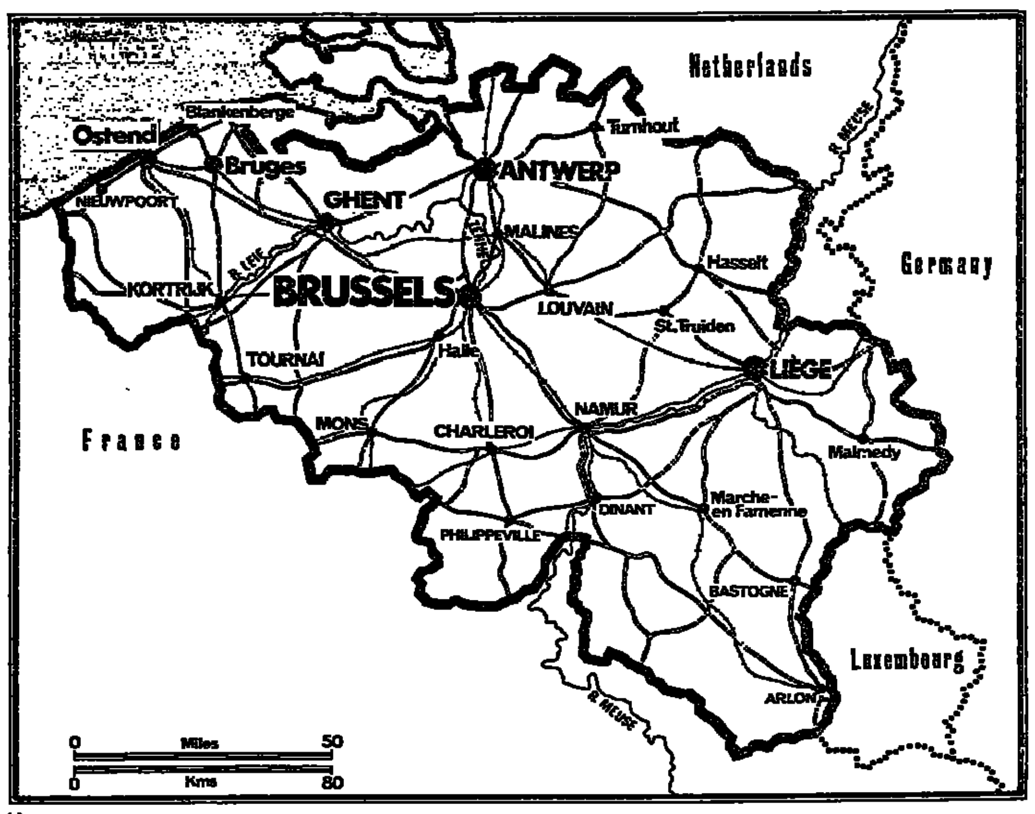


FINANCIAL TIMES SURVEY

Thursday November 3 1983

BELGIUM

Although it was shaken by the public sector strikes earlier this year, the Martens government has a firm hold on the levers of power and is pushing ahead with its economic reforms. Cruise missiles and the rivalry between the regions are the main threats to future success



Seeking a new modus vivendi

BY PAUL CHEESERIGHT

THE MAJOR objectives of the Government remain economic and financial, said Mr Wilfried Martens, the Belgian Prime Minister, as last month he picked up again the reins of power after a heart operation.

Put baldly, the statement seemed simple and single-minded enough, but on the ground the position was more complex. What the Government has been — and is — trying to do is not only to redress an economy which had been muddling through as if there had been no oil crises, no recession, but also to talk its way through to a new modus vivendi for the country's disputatious Flemish and Walloon communities.

The problem is that economic reform, a strain for everyone, is more painful in one part of the country than in another. Further, ideological opposition to the broadly centre-right policies followed by the Martens Government is stronger in the economically weaker region.

Like all Belgian governments, the present one is walking a tightrope but its tightrope is more hazardous than most. The more radical its action, the greater the chance of a reaction, not so much in Parliament but on the streets.

In September latent discontent in the public sector burst through into a series of spontaneous strikes which shook the union leaderships as much as it surprised the Government. The situation quietened only when the paper over union division ripped and the Government was able again to divide and rule.

But Belgium is a country where compromise reigns and issues are fudged. The Government for the moment is in a position to ratchet the level of compromise up into decisions which are a prelude to action.

Its parliamentary standing is comfortable. In the 1981 election, the Christian Democrats of all wings won 61 seats in the 212-seat House of Deputies and formed a coalition with the Liberals as a minority partner. They had won 52 seats. In opposition, the Socialists had won 61 seats and smaller parties had won 38.

Special powers

The coalition won from Parliament the right to use special powers, to rule by decree in economic matters, and received approval this year for the system to continue.

In short the ruling parties have a firm hold on the levers of power. They have a reasonable chance of being that rarity in Belgian politics—a Government which sees out its four-year term.

Mr Wilfried Martens: walking a tightrope

If the hold loosens it will be because of divisions within the coalition. Broadly the Liberals have been seeking to push the Christian Democrats into actions which more obviously favour the corporate sector and the investing public. This became clear during the discussions on the formation of the 1984 budget.

The Liberals pushed for measures which would bring out from under Belgian beds or out from foreign tax havens funds for new investment without any questions being asked. They also wanted a definite ceiling on the tax paid on investment earnings. They won the principle of both but at the expense of what amounts to a fee on the first and a limit to the tax break on the second.

Further divisions may be in prospect as the coalition starts to define in detail precisely what it wants to do about redressing the increasingly costly social security system.

So far though the Government has looked fairly solid in pursuing a programme which is too much for the unions and too little for the business community.

Using its special powers, it has put into force measures which give tax concessions on capital raising exercises, producing a flood of share issues on the Brussels bourse. It has presided over a steady rise in unemployment against a background of diminishing real wages. It has sought to sugar the pill of restraint, low industrial production and reduced consumer purchasing power, by introducing programmes which, by EEC standards, are advanced models of worksharing. Even so, gradually it has started to pull in official spending and cut back sharply on overseas borrowing.

In all of this it has been immeasurably helped by the fragmented nature of the Belgian union movement. The unions are split first on political lines — Christian Democrat, Socialist and Liberal—and then again on regional lines.

Provided the Government can keep the Christian Democrat unions in line, it has localised and hence partially neutralised union opposition to its policies.

Apart from a few days in September, when the public sector strikes gained momentum, the Government has been broadly successful in this.

The Christian Democrat unions are strongest in Dutch-speaking Flanders, where the Christian Democrat politicians are themselves strongest. But the Socialist unions, which have been the most vigorous and active in opposition to the Martens Government, are weaker in Flanders and stronger in French-speaking Wallonia, the heartland of Belgian socialism. And for the moment, the Socialists are out.

There is a hint in all this of the strains in the Belgian body politic—the strains which come from the rivalry of two communities for power and funds. Since the Belgian state was established the balance of regional power has tilted decisively towards Flanders, giving rise to a more confident Flemish chauvinism.

Inefficient

It is the interplay of the regional communities thrust into the cabinet room which poses a danger for any Belgian Government and more so for that of Mr Martens than most. For the Martens Government has had to deal—and is still dealing—with the steel question.

Wallonia's wealth was based on coal and steel. The mines have long since closed—now, somewhat ironically, the mines are in Flanders and heavily subsidised to boot. But steel remains, largely in the form of Cockerill Sambre, the hitherto ill-starred merger of the Liege and Charleroi steel basins.

Cockerill is too large for the market available, too inefficient to survive in what is left of the market. Making it viable needs cash which the Flemish community was reluctant to see coming from the central government—enough had been spent already, it was argued, without any return.

But the costs of closing Cockerill were calculated to be much the same as keeping it open in a slimmed down form which might produce viability. Complete closure was never a social or political possibility.

The Cockerill issue, then, posed not only an economic problem but a regional one which could not be solved in isolation. Funds for Wallonia had to be matched with funds for Flanders. The only way to reach a solution, it appeared as the Government wrestled with the problem in the summer, was to make Cockerill a Walloon responsibility.

The result is that the Government is now putting in train a further devolution of power to the regions, so that they manage the five sectors of industry presently under central control—steel first but also coal, textiles, shipbuilding and glass containers. Funds will be provided by making over to the regions revenues coming from death duties.

This will not in itself solve the regional question. Studies are being undertaken on constitutional developments. And the role of Brussels in any emerging federal Belgium has still to be settled.

But, optimistically, the greater the degree to which the regions can manage their own affairs, the greater will be the chance of communal harmony. The argument from the other side is that if the central government can only survive by giving up power, the stronger are the manifestations of a divided country.

In short the handling of the Cockerill Sambre affair has profound implications for the future of Belgium that transcend the shorter-term prospects of the Martens Government.

Yet, while it is true that most issues in Belgian politics and economics have a regional element in them somewhere, there is an exception to the general rule which will pose problems for Mr Martens at the end of this year and the beginning of next.

It is the missile question—whether Belgium should receive 48 cruise missiles if the Geneva control talks break down. The opposition is spread through all shades of political opinion and all regional diversities. Christian Democrats marched with Socialists in October. The Government says it will honour Nato obligations but many of Marten's followers are not so sure it should. Possibly, foreign policy issues could cause the Government more trouble than even Cockerill Sambre.

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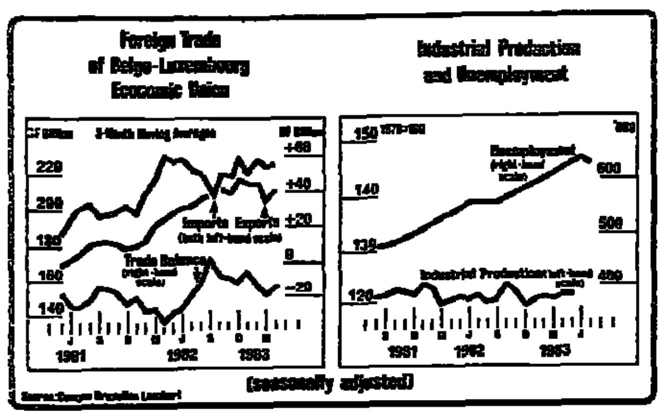
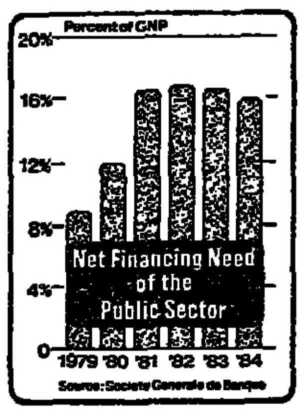
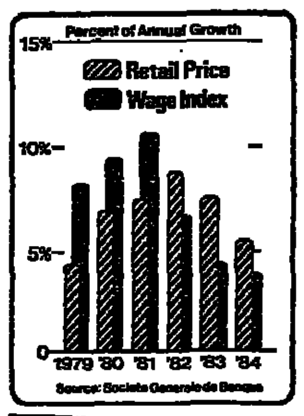
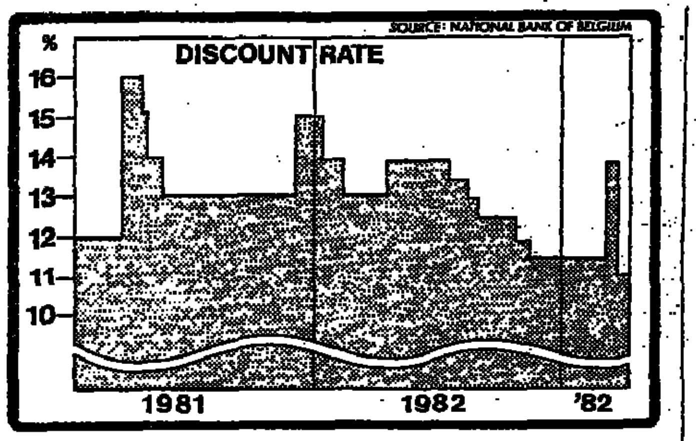
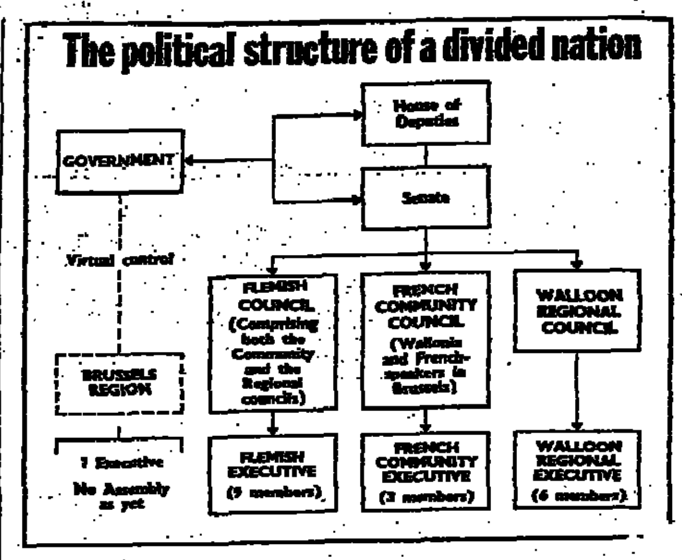
Editorial production of this Survey by Mike Smith.











Laying the basis for an export-led recovery

Economy

THE BIG QUESTION hanging over the economy is whether the Martens Government can consolidate the advances made over the past 18 months and push through to a sustained recovery.

It desperately needs an expansion in world trade and especially in EEC trade to take advantage of the greater competitivity achieved through the devaluation in spring 1982 of the Belgian franc by 8.5 per cent and a reduction in real terms of wage levels.

Although this year the gross national product is expected to grow in value by 3.9 per cent it will actually contract by 0.7 per cent in volume, according to Societe Generale de Banque calculations. Next year it could grow 4.2 per cent in value and 0.5 per cent in volume.

The Government has been trying to keep a clamp on the internal economy, switching resources away from consumption and into the corporate sector, to lay the basis for export-led recovery.

This has worked to the extent that the trade balance has improved and companies have begun to claw back the profitability they lost in the 1970s and early-1980s. The annual inflation rate has edged down to 7.3 per cent. The more favourable climate for risk capital has helped to encourage business confidence.

But the markets have not yet perked up enough, either at home or abroad, to translate financial improvement into general revival. Industrial activity at the end of July was 3.7 per cent down on a year before, while the value of retail sales was static overall. At the end of the first half capital goods orders were 15.1 per cent lower than at the end of June 1982.

"The critical issue is the upturn in industrial investment," says a team from the International Monetary Fund. Although the Belgian performance in this regard has been better than many of its competitors, such investment as there has been has not shown up in the unemployment statistics. Despite programmes of work-sharing, the best that can be said is that the rise of unemployment has been checked. Certainly the rate is one of the highest in the EEC.

The accepted wisdom in business circles and among outside analysts in places like the IMF and the EEC is that the Government must do more to rein in public expenditure. Again the Government has managed to slow the rise, but the target of it bringing it down to 7 per cent of GNP from around 16 per cent by 1985 has been abandoned.

Politically, it was probably never possible to achieve such a radical change, but, beyond that, the role of the public sector in the economy is so great that too great a cutback in spending over a short period carries with it the risk of deflation.

The Government, using its special powers, has already cut into the system of wage indexation and caused a fall in real wages. Just as the business community wants further action on the public sector deficit, so it wants wage restraint to continue. The present restraints are due to end after 1984. If the previous system of indexation comes back into play, there could be a wages explosion.

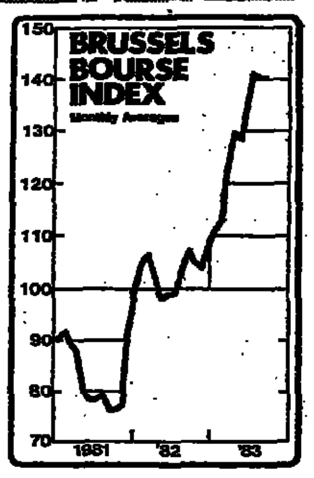
To prevent this the Government will hold negotiations with both employers and unions. If present policies remain intact, the outlook is for continued tightness in the domestic economy.

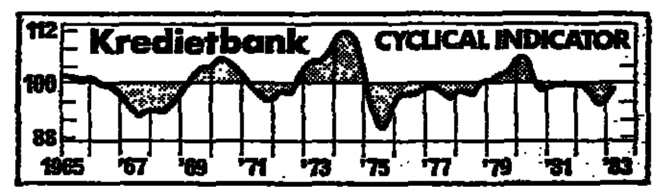
Paul Cheeseright

INTERNATIONAL WAGE LEVEL COMPARISON

	1980	1983
Belgium	100.0	100.0
West Germany	95.9	114.9
France	71.1	83.1
Netherlands	94.9	107.7
UK	54.5	62.1
Japan	50.6	77.9
U.S.	74.7	128.9

The shopping streets look prosperous, as traditionally they always have. What they do not reveal is that the amount of money available for spending in the shops has dropped and could be lower next year than it has been this. Societe Generale de Banque says the disposable income of households is dropping 3.7 per cent this year, after 3.3 per cent in 1982. In volume, private consumption dropped 2.2 per cent last year and 2.8 per cent this year.





Reduced role for Parliament

Politics

THE PRESENT Government has been in power since December 1981. It has survived longer than any other since 1977. But it is the 32nd since World War II and like its 18 immediate predecessors is a coalition.

Belgian politics are coalition politics, but the difficulties of that are compounded by the need to have in each formation a regional balance of ministers.

The political structure of Belgium is still buffeted by the establishment of a state in 1830, created to satisfy the aims of a French-speaking bourgeoisie.

The apparatus reflects the continuing struggle of the Flemish-speaking population to mitigate the effects of such a creation. The response of national political leaders has been devolution.

In addition, therefore, to dealing with obviously national problems like running the economy, Belgian governments are engaged in a continual debate about the structure of the state. The efforts to restructure Cockerill Sambre, the state-owned but financially weak steel group have shown that under present conditions the one cannot be achieved without the other development.

In all of this the role of Parliament can be diminished. The present Government is running the economy with special powers. The key decisions are worked out in the Government and by the party leaderships before they are ever presented for parliamentary scrutiny. If the condition can be kept intact then Parliament will follow the decisions of the smoke-filled rooms.

P. C.

HOW THE REGIONS COMPARE

	Flanders	Wallonia	Brussels
Population (%)	57.1	32.7	10.2
GDP (%)	56.7	27.6	15.7
Labour supply (%)	57.4	31.3	11.3
Employed (%)	52.5	27.9	19.6
Wholly unemployed as % of those insured:			
1970	2.7	5.0	1.8
1975	3.8	6.0	3.0
1980	11.9	14.6	11.7
1982	16.9	18.5	8.4
Average real growth (%):			
1966-70	+6.5	+4.2	+3.0
1970-76	+4.8	+3.9	+2.0
1976-79	+2.7	+2.3	+0.8

	Flanders	Wallonia	Brussels
Industrial output (%):			
1967-70	+7.2	+4.9	+3.4
1970-76	+3.6	+0.6†	−0.2
1976-82	−0.1	−2.5†	−2.6
Investment in forming new companies (BFr bn):			
1976	3.8	4.6	0.2
1977	2.6	3.3	0.0
1978	5.6	4.2	2.4
1979	8.6	1.1	1.0
1980	2.2	1.2	2.4
1981	4.9	0.2	3.5
1982‡	4.0	2.2	2.6

* Some official regional figures are not available beyond 1979 but subsequent years are reckoned to be similar proportionately between the regions. † Pronounced declines due in large part to slump in steel industry. ‡ Provisional. Source: Kredietbank Research Unit.

Search for fair division of national cake

The regions

THE REGIONAL structure of Belgium that emerged in a major constitutional reform of 1980 is now being fleshed out. Months of discussion about regional financing and the financial restructuring of Cockerill Sambre, the state steel group, were brought to a head in July. Since then the Government has been putting the practical details into place on top of what was a political bargain.

There were two problems which had to be addressed — first the question of the status of the financial obligations already undertaken by the regional authorities in Flanders and Wallonia. Second there was the question of how the financing of the so-called national industrial sectors should be handled in the future.

This second point was of immediate significance for the Cockerill Sambre problem. The group needed funds quickly and the Government had to decide how to work out how to pay for change at Cockerill. But it could not do this without reference to needs in other parts of the country.

The sums of money are very considerable. Cockerill alone needed BFr 27bn to pay for restructuring. And it had become clear that the way Cockerill was dealt with would be a precedent for what would need to be done later elsewhere, in, say, the Flemish coal mines.

The July agreement provided for the Government to take in charge the regional debts of the past and for it to provide additional financial help also to cover new spending by making over to the regions revenue coming from death duties.

The Government calculated that the funds from death duties would move to Flanders at BFr 5.6bn and to Wallonia at BFr 3.5bn. The actual rate of death duties would still be decided at national level. This was the key to the new financing arrangements.

But the death duties revenue would be split two ways. The first part would be used to meet the charges on the regional loans of the past. The second part would go to the regions for the development of the national industrial sectors in their geographical areas.

But the money would not just be handed over. There is already a special fund for the restructuring of the national sectors and this fund is to set up two subsidiaries—one for Wallonia and one for Flanders. Borrowing by these funds would be guaranteed against the provision of the revenue from death duties—a guarantee which some bankers find perturbing.

But the regionalisation—even in this complicated form—is not exactly a hand over of responsibilities by the central government.

Struggle continues

What is happening is that the central government is setting up, within its own ambit, two committees—one for Flanders and one for Wallonia. They will be entrusted with the management of the restructuring national sectors. But they will be in touch with the respective regional executives and it seems hardly likely that, for example, Walloons will sit on the Flemish committee.

Underlying these arrangements is the need to ensure that each region obtains a fair slice of the national cake. But the struggle to achieve that will go on. Recently, for example, the Government set up a committee to examine how the contracts for equipment granted by the national telecommunications authority could be fairly distributed.

This is an indication that the struggles will emerge in a sectoral as well as a political or constitutional form. The next struggle to watch will probably come over the helicopter question.

The Belgian Army is planning to buy new helicopters. No choice on type has yet been made but the overseas supplier which eventually wins the contract will have to enter into manufacturing offset agreements with Belgian companies.

Traditionally the aviation equipment industry has been in Wallonia. More recently the industry has been establishing itself in Flanders. The Flemish groups are now claiming that because Wallonia has had so much business in the past from offsets, this time all the offsets should go to Flanders. The manoeuvrings are just beginning.

P. C.

Corporate results better but 'margins must improve'

The full effect of the carefully negotiated worksharing schemes initiated by the Government will become apparent during the current quarter. The scheme has been to cut working hours by 5 per cent and to increase the labour force by 3 per cent.

But companies have been concerned about the costs, especially at a time of flat demand. They have been mollified to some degree by the suspension of the wage indexation system, which has been a signal factor in increasing competitiveness.

Generally though corporate results have been improving, not least among exporting companies which received the boost of a devaluation last year. But profits in most sectors have still not been high enough to provide those reserves of funds necessary to improve debt ratios.

Kredietbank analysis has revealed that profitability in the financial and tertiary sectors has been at reasonable levels. But the industrial concerns making the best net returns have been public utility companies. For the most part profits have not been able to provide yields to match fixed rate interest investments.

If companies are to survive, according to Kredietbank, then margins have to be improved and the net return on stockholders' equity has to be increased. This is why the improved corporate performance of the last year and a half is only a step towards bringing the private industrial sector back to health.

But there seems general agreement that there has been some revival of confidence. Partly this is associated with the Government's attempts to make risk capital investment more attractive, partly with the check to the rising spiral of costs and partly because the Government itself is at least trying to arrest the spread of economic malaise which started a decade ago.

Ringing the changes in China

THREE MONTHS ago, ITT's Bell Telephone Manufacturing company (BTM) in Antwerp announced the signing of a major $250m contract with the People's Republic of China for its New Generation Digital System 12 telephone switching system.

The deal represented another major commercial breakthrough for Belgium's telecommunications industry which, ever since BTM was first established in Antwerp a century ago, has had to live and prosper largely by exporting.

While most other telecommunications equipment manufacturers can rely on a large home market in which to build up their competitive and technological strength, Belgium offers no such domestic comfort.

Stiff competition

At best Regie des Telephones et des Telegraphes (RTT) accounts for just over a quarter of output. BTM is easily the largest exporting company in the ITT group worldwide with sales in 1982 of BFr 21m. But achieving this kind of result has never been easy.

In the words of Mr Eugene van Dyke, BTM's chairman, "export success is 5 per cent inspiration and 95 per cent perspiration."

The China deal was won in the face of stiff international competition, notably from France. Some six years of hard negotiation culminated in a visit a few weeks before the signing of the contract by Mr Wen Minsheng, the Chinese telecommunications minister. He was able to see for himself that unlike France's rival CIT-Alcatel System, BTM's system 12 was already operational in the Belgian network and in volume production at the company's Geel plant, one of 8 BTM facilities employing 11,000 people throughout Belgium.

The contract provides for the supply of 100,000 lines for installation in Shanghai and Peking, starting next year. It has since emerged that a follow up order for a further 70,000 lines is possible. In the meantime, it also provides for the setting up of a joint venture company with participation by both the Chinese (60 per cent) and Belgian (10 per cent) government, near Shanghai to produce nearly 300,000 lines of system 12 annually.

ITT has estimated that in its first 15 years, the joint venture company will produce revenue of about $1bn.

BTM's long-standing practice of linking overseas sales with comprehensive technological transfer arrangements has undoubtedly been an important ingredient behind the Belgian industry's export success. It has always been ready to train people from customer countries so that they can ultimately produce the exported exchange system themselves.

Also important has been the resources consistently devoted to research, development and engineering. Last year alone, BTM spent BFr 3bn in this direction. The company is also active in space technology and electronics. Indeed, a recent important initiative for Belgium has been BTM's 51 per cent participation in Mietec, a custom-designed silicon chip plant promoted by the Flemish Government in a bid to strengthen the region's high technology base.

But the success of System 12 has re-emphasised the continuing importance and competitiveness of Belgian telecommunications equipment in world markets. Its attraction is that it is "future safe"—it has been designed to permit incorporation of future advances in hardware technology without disrupting the basic software, and to add new subscriber facilities, as needs and demands arise, at minimal cost.

Orders, commitments and plans for System 12 now total some 3m lines from 12 countries, or 900 exchanges. The China deal has bolstered the Far East as BTM's most important market.

Overall, some 70 per cent of the company's business is now with the Third World. But, that said, its competitiveness near home is illustrated by the fact that the EEC still accounts for some 21 per cent of export sales.

R. R.

GM leads motors fightback

THE BELGIAN motor manufacturing industry is emerging from the recession in somewhat better shape than at one time seemed possible.

Two years ago, there seemed a danger the Belgian industry might pay an exceptionally heavy price for its overwhelming dependence upon contracting international markets and its high labour costs.

More than 90 per cent of production is sold outside Belgium and motor vehicles account for 11 per cent of the country's total exports by volume. Yet a senior Vice-President of GM, has warned that GM's two Antwerp plants have the highest costs in the GM empire.

In the event, major casualties were limited to the closures of Citroen's assembly plant at Forest and BL's factory at Seneffe, leading to a sharp fall in Belgian vehicle production of nearly 250,000 to less than 900,000 in 1981. Last year output crept back up towards the 1m units mark and this year it should exceed that figure.

GM Continental, Belgium's largest vehicle manufacturer, is leading the fightback. Its Antwerp plants assemble the Opel, Kadett, Ascona and Manta, and some Vauxhall Cavaliers, and this year production is set to exceed 400,000 units compared with 355,652 units in 1982. Together with output from Belgium's four other major assembly plants—Ford at Genk, Renault at Vilvoorde, Volkswagen at Forest and Volvo at Ghent—Belgian vehicle production in the second quarter of this year was up by 4.3 per cent compared with the first quarter of last year, the period of the 8.5 per cent Belgian franc devaluation.

GM's sharply improved performance reflects several factors. The devaluation—and associated D-mark revaluation—was particularly important for two plants which export some 35 per cent of their production to the German market; though, conversely, many major assembly components are imported from other parts of Europe and as far afield as Japan, Brazil and Australia. But it has also begun to reap the first fruits of a BFr 16bn plant modernisation programme which began in 1979 and is due to be completed next year.

When completed the package will give GM Continental as modern a motor assembly facility as any in the world.

Finally, it has the right products—a young model range which has been aggressively and successfully marketed, notably in competition with its U.S. multinational rival, Ford.

The net result is that while GM earlier this year added a further 700 workers on short term contract to its 12,000 Antwerp workforce, Ford last month introduced a two week pause in production of the Sierra at its Genk plant.

Costs remain a worry. While the Government's decision to break automatic indexation of salaries had provided significant relief, the unions are pressing for its restoration next year. GM, in line with the rest of Belgian industry, is under notice to introduce a further reduction of 20 minutes in the working week which is already down to 37 hours 40 minutes—as a contribution towards easing Belgium's unemployment crisis.

Thanks to its improved productivity and current marketing success, GM should have no difficulty in meeting the Government's demands on this score. But it guarantees that GM's Antwerp plant will continue to walk a costs tightrope.

R. R.

Credit General joins banking pacesetters

UNDER 50 per cent of Belgian money transfers involving more than BFr 100 now take the form of "cash" transfers. It is just one measure of the extent to which Belgian banking is abreast of the drive towards the "cashless society."

Ever since 1971, when Belgium's banks got together to harmonise account numbers, the banking sector has co-operated to ensure it is well placed to take immediaet advantage of new technology as it has become available.

Today, quite apart from having embraced automatic clearing systems for their internal and international dealings, Belgium's banks are also moving rapidly to take advantage of the benefits of the telecommunications revolution in the retail sector.

Automatic debit facilities are now available at more than 500 petrol stations throughout the country. Over the next two years, this electronic fund transfer system is due to be extended to supermarkets and many other retail outlets. The banks also have "home banking facilities" in their sights. The main brake on progress is the telecommunications infrastructure rather than the banks themselves.

Among the pacesetters in keeping Belgium in the vanguard of new retail developments has been a relative newcomer to the Belgian banking scene—Credit General. Certainly, it has adopted a relatively aggressive stance in marketing. Only 25 years old, it has a relatively young staff which has been happy to embrace innovation.

Credit General was launched in 1958 by Kredietbank, Belgium's third largest banking group, to serve French-speaking Wallonia. Kredietbank itself is Flemish in origin.

Having started with an initial capital of BFr 75m, Credit General has grown steadily to become the third-largest private sector bank in the French-speaking region, behind Belgium's big two—Societe Generale de Banque and Banque Bruxelles Lambert.

Today it has some 90 branches throughout Wallonia and in bilingual Brussels, the latter being the only area where it competes directly with Kredietbank. But equally, it is a reflection of Credit General's modern approach that it foresees future growth coming through electronic fund transfer facilities rather than further branches.

Crédit Général

Earlier this year, Credit General made its eighth visit to the Belgian capital market to increase its share capital from BFr 1m to BFr 1.4m. In order to bring its equity base into line with a further growth in its business.

Its profits have also risen steadily over the years, reaching BFr 128.1m in 1982, although during the last three years of difficult economic conditions, Credit General's net dividend has been held at BFr 100 a share.

The bank's expansion clearly owes much to the continuing close relationship it enjoys with Kredietbank. Although managed entirely independently, its access to Kredietbank's specialist facilities, has enabled it to offer customers a comprehensive banking service from the very outset.

Beyond the retail market, Credit General's relative youth has meant that its corporate customers tend on the whole to be young growing companies rather than Wallonia's older, problem-hit industries—a factor which has served it well in the current recession.

In the last financial year, its lending to the private sector rose from BF 23.7bn to BF 25.9bn, of which 30.6 per cent went to manufacturing industry. But it sees corporate investment expanding siginficantly again in a year or two, once companies have rebuilt their reserves.

In the meantime, Credit General has also been playing its part in meeting the heavy financing demands of Belgium's public sector. Public sector lending rose from BF 12.4bn at the end of 1981 to BF 17.6bn at the end of 1982.

Given the character of the Belgian economy, its growth has also necessarily involved a great deal of international business. While much is associated with need to finance its customers' trade—10 per cent of its foreign business is in France—Credit General has not been immune from the international debt crisis. It has some exposure for example in Brazil, Venezuela and Mexico and its latest accounts show BF 132.7m written down for bad credit of which BF 20.4m covers foreign credits.

Credit General is not more optimsitic about the international outlook than it was a few months ago. But the debts crisis has induced a more cautious attitude, re-emphasising Belgian foreign trade and domestic investment as the bank's first business priorities.

Robin Reeves

BELGIUM IV

The enigmatic independent

FOR ALL its oil industry worldliness, Petrofina is a quirky, enigmatic company. Each winter it buys woolly jumpers for staff working in its nondescript, almost anonymous, head office in the Rue de la Loi, Brussels.

The clothing is handed out to keep staff warm when the heating is turned down in the interest of energy conservation.

It has the sort of management which is not beyond employing a spinning disc with an arrow pointer to assist in decision - taking. Petrofina boasts the ability to make up its mind quickly. "In most companies in the world you have to follow rules and established patterns," said M Adolphe Demeure de Lespaul, chairman and chief executive since 1975.

As Belgium's biggest company and Europe's fourth largest oil group, Petrofina has its own management rules and practices, many of them different from the industry norm. In its single-mindedness it takes its cue from M Demeure, a tall, imposing man with a penchant for bow ties and a tendency to resemble the actor Jack Lemmon and ex-President Richard Nixon in varying light.

He looks with a wry smile at the way some of his competitors have been seeking greater efficiency by establishing profit centres. "We would have been bankrupt if we had done it that way. We cannot afford the experiment that the others can make," he said.

"For example, we can buy oil from one part of a big oil group and sell it to another part and take a profit along the way. It looks silly but it is true. That is what happens when each affiliate is a profit centre."

Decentralisation, also fashionable in the oil industry, has long been a hallmark of Petrofina management. The company has had little alternative but to decentralise, given that its raw materials and main markets are located abroad. Only 8.4 per cent of the group's fixed assets are in Belgium; the rest are spread through 200 affiliates in 25 other countries. Only 350 of the groups' 21,000 staff are employed in the Brussels head office.

Yet here too the top management makes sure that subsidiary companies are kept on a close rein. "We are mentally decentralised but we are all part of the group. It is flexible vertical integration," said M George van der Straeten, general manager in charge of refining operations.

The buying and selling of crude oil is administered centrally; group activities are coordinated in Brussels on a regional and sectoral basis; each morning the 10 executives and general managers meet in the Rue de la Loi to take day-to-day decisions; and further important decisions are taken at group management meetings held in Brussels.

According to the manager of a major competitor, Petrofina has the cautious, somewhat colourless aura of a typical Belgian banker. "If Petrofina played roulette it would only place its money on the odds or evens. It would never play the numbers game," he said.

That might help to explain how Petrofina has been able to sustain uninterrupted growth for well over a decade. Its turnover last year of BF 510bn (£6.4bn) was almost 24 per cent up on 1981 and 5.7 times what it was in 1971. Profitability has followed the same relentless course, except for a small dip in 1977.

Last year's net income of BF 12.1bn was 15 per cent more than in 1981. For the first half 1983 the profit amounted to BF 6.75bn, a rise of 11 per cent over the first half year's profit in 1982.

Mr Chris Cartwright, a marketing partner with stockbrokers Wood, Mackenzie, believes that Petrofina's achievements are insufficiently understood by investors. "They keep their light hidden under a bushel," he said. "They don't try to promote their image and that makes investors cautious."

On the other hand, the largest shareholder is the staff, with 9 per cent of the shares—the result of shares savings schemes going back over 25 years.

M Demeure regards the staff as his "number one boss," ahead of outside shareholders (number two) and the Belgian Government (number three). "The personnel because they devote their life to the company, stockholders because they devote some of their money to the company, and the Government because it doesn't give me anything. But I love it just the same."

His doctrine is being severely tested at the moment. Faced with an unprecedented decline in demand, oil and petrochemical companies have been rushing to close uneconomic plants. At the same time the oil industry has been pressing ahead with a programme to adapt refineries to make them more suitable for processing high-grade products like petrol.

M Demeure believes that in both respects his competitors may act too late and go too far, causing a shortage of basic processing plant on the one hand and a surfeit of upgrading facilities on the other.

As a result, said M Demeure, Petrofina had no intention of installing new upgrading "cracking" plants at any of the six refinery sites where it operated. In Europe, where the company has a stake in four refineries, cracking facilities already represented about one-quarter of the group's primary distillation capacity—among the highest ratios in the industry.

By the same token Petrofina has no plans for closing any of its refinery sites. It is an attitude which may be resented by some major oil corporations.

Petrofina argues that because of its size and in view of a rationalisation programme carried out years ago, the scope for further closures is limited. But it is prepared to consider deals involving the sharing of refinery capacity or product exchanges.

M Demeure believes, however, that the trend towards "profit centres" within the oil industry is making such deals more difficult to structure.

So Petrofina continues to plough its own furrow by pumping further investment into its profitable petrochemical business and its refineries. Last year almost a quarter of the group's BF 26bn spending programme was directed at making refinery and chemical plants more efficient.

While many other energy corporations pare down their investment programmes, Petrofina continues to spend more and more. This year it expected to invest BFr 41bn, 50 per cent more than the amount spent last year.

Two-thirds of the capital budget is earmarked for exploration and production, in particular in the North Sea, the U.S. and Angola.

In recent years the company has spread its wings in such places as Australia, Indonesia, Morocco, Egypt and Zaire.

Ray Dafter

Winning the fight for survival

THE Liège-based crystal glass producer Val Saint Lambert last month signed a new five-year agreement with Towle Manufacturing, a leader in the U.S. giftware market. The contract, valued at more than $15m, allows for a significant expansion in the Belgian concern's exports to the U.S.

It represents a sharp shot in the arm for a company which has been the focus of heroic efforts, for well over a decade, to keep alive one of Belgium's traditional industries.

M Pierre Simon, Val Saint Lambert's young managing director, agrees that sentiment, as much as anything, has been the motivation for a series of Belgian government rescue attempts for the company since 1971. The art and craft of glassmaking in Liège dates back to the Middle Ages, and 80 years ago the industry employed many thousands.

Val Saint Lambert, now with only 200 employees, is the last refuge in Liège of Walloon crystal glass-making skills which have been handed down for generations.

But M Simon also believes that his company has a bright and profitable future, provided the major changes introduced early last year are now given time to bear fruit. Certainly, despite its series of financial crises its international reputation as a producer of high-quality crystal remains undimmed.

The 1982 crisis was caused, above all, by a doubling in two years in the cost of energy—a key factor. Otherwise, sales were increasing and other costs falling.

val·saint·lambert

But the upshot was a major reorganisation of both the managerial and financial structure of the company, the phasing out of a wide range of loss-making products, further redundancies, and a new financial injection of BFr 100m to write-off previous losses and allow some further capital investment, notably in energy saving measures.

In consequence the company's energy bills have already been cut by some 30 per cent. Production costs have also been reduced through new working methods and better deployment of skilled craftsmen.

Semi-automated production of stemware and drinking ware has been abandoned, apart from barware requiring especially skilled craftsmanship. The company is now concentrating on making fancy vases, bowls, and case crystal (now 35 per cent of sales) and on the giftware market which has grown rapidly to account for some 40 per cent of sales.

The logic of this move is that giftware is now one of the few areas of growth in an international hand-made crystal market which, overall, is believed to be contracting by volume at the rate of some 3 per cent a year because of the sales inroads made by automated production methods.

But the advance in this area really dates from the signing of the first U.S. marketing agreement with Towle in 1979. Only then did Val Saint Lambert begin to acquire a feel for the export market which could then be fed back into the design and production of new products, ranging from salad bowls and candlesticks to crystal glass sculptures of purely aesthetic appeal. The new U.S. contract is clear evidence that Val Saint Lambert has found a niche in the export market. Indeed, M Simon is confident that U.S. sales can be doubled over the next three years.

But the company does not intend to neglect the rest of the world—particularly the European market, which currently represents some 12 per cent of sales. New agents have just been appointed in a number of countries. But given the stiffer competition from other European makers of crystal glass, expectations of growth in this area are less ambitious.

At the beginning of last year Val St Lambert set itself the task of reaching break-even point by 1984 and a profit of BFr 14m by 1985—based on a growth in turnover of 20 per cent over three years.

The outlook is promising. Quite apart from the new U.S. contract, the current year's sales are ahead and costs are down, on forecast. Even more heartening for a company whose skilled workforce has shrunk from 1,200 a decade ago to 200 today, and for the whole future of crystal glass making in Liège, Val Saint Lambert has been able to resume the recruitment of apprentices.

Robin Reeves

How to cut through the red tape

Juliet Bourgouin offers advice to businessmen about to settle in Belgium

ALTHOUGH most large companies have departments to advise their staff posted to Belgium, smaller concerns may not have these facilities. At a first glance, for a man moving over with his family, the bureaucratic red tape appears stupefying.

Housing in Brussels, compared with most other capital cities, presents no problems. There are houses and apartments in most communes to suit all pockets.

There are, of course, private agencies, but the Maisons Communales (Town Halls), including that of the Ville de Bruxelles, often have properties which are not only cheaper than those let by private landlords but are also refurbished old buildings acquired through lack of heirs — like the Duchy of Lancaster.

Rents are controlled, with an annual index rise at the end of each year (for the last five years it has been of the order of 5-6 per cent a year). A walk round an area which one has decided is convenient for schools, office and so on, will bring to light the large orange notices in the windows indicating "to let" or "to sell."

Leasing is done on a 3-6-9-year basis and in order to protect oneself against the financial implications of a sudden transfer, a "diplomatic clause" should be requested. This means that if a transfer out of Belgium occurs during the first year, a three-month indemnity is due, two months in the second year and one month in the third year.

At the end of the third year the lease is automatically renewed until the sixth year, unless one gives the landlords a three-months notice.

A guarantee of three months' rent is generally requested and should be lodged in a frozen account.

Upon departure, interest is payable on this sum.

It is advisable to ask an expert, on arrival and departure, to do an "Etat des Lieux" to make sure that one is not being charged for existing deficiencies upon departure.

Having found a prospective residence, before one can move in or connect the utilities, an identity card is necessary.

A word of caution here: if the head of the family or wage-earner is not an EEC national, he should check the political situation in the local commune before signing a lease, for several Brussels communes are now refusing identity cards to *all* non-EEC nationals.

Family allowances

The newcomer should go to his local town hall armed with several photographs of all the members of the family, plus passports and a letter from his employer (several copies are advisable, since they often become lost in the system).

The letter should state the terms of employment, status, and estimated length of stay. The Town Hall will issue an identity card number, and the cards will be delivered to one's house by the police about 10 days later. The number will then enable one to connect the gas, electricity, telephone, cable television and so on.

If one has children of school age the Town Hall should issue a "Fiche Familiale d'Etat Civil" so that family allowances can be claimed.

This is much bigger than in the UK. For example, a family with two children of eight and 11 could expect around £80 a month, 14 times a year (double in June and September).

The company will automatically register the employee with the Social Security Services and the relevant tax authorities. The Social Security office should be sent the UK form declaring that you are fully paid up; otherwise there are no reimbursements on medical or pharmaceutical services for the first six months.

An employee seconded to Belgium on a temporary basis is, for tax purposes, considered a non-resident and is taxable only on work performed in Belgium. Should he travel for, say, 100 days a year, the income relating to this activity is not taxable in Belgium.

Passive income (dividends etc) are not taxable and in addition the employer may refund, free of Belgian taxes, any expenses or allowances incurred out of the territory.

Ernst and Whinney have brought out a succinct explanation of the practical applications of these new rules which came into force on January 1 1983.

When leaving Belgium inform the landlord by registered letter with "accusé de reception" at least three months in advance.

The tax authorities must issue a declaration that one is not indebted to them. Without the declaration your household effects cannot leave Belgium. Your identity cards must be surrendered to the Town Hall which will issue a form for the Customs and Excise.

When obtaining the tax declaration, the authorities must be given one's bank account number as one may be eligible for a tax rebate during the following 12 months.

Arrange the move a clear working week in advance to allow for the cleaning and repainting which may be necessary. After which, the visit by the landlord and the expert should take place.

Wear and tear

All damage must be made good (deducted from the guarantee) but this does not include "normal wear and tear." But some landlords do count the holes in the walls where pictures have been hung!

The expert is, in principle, impartial, but if one cannot agree on his assessment a counter-expert can be called.

Arrange with the bank to have the outstanding electricity and telephone bills sent to them for payment after one's departure and inform the utility services of the date of departure at least 48 hours in advance.

Get in touch with the Social Security department and obtain a certificate to present to the authorities in the country of the next posting.

Television and radio licence authorities should be informed or one could be stuck in their computer for years. Car plates should be returned, as they are issued to the owner—not to the car. If one is exporting one's car, one should apply for transit plates.

Finally, Belgian formalities are not as formidable as they might appear—as long as they are undertaken in the right sequence with a good deal of patience.

THE ARTS

Record Review

Ronald Crichton

Karajan takes on 'Carmen'

Bizet Carmen. Baltsa, Ricciarelli, Carreras, Van Dam/Berlin PO/Paris Opéra Chor./Karajan. 3 records in box. DG 2741 025

D'Indy Symphony No. 2, op. 57. Toulouse Capitole Orch./Plasson. French EMI 2C 069-731000

Roussel Concert pour petit orchestre, op. 34. Symphony No. 2, op. 23. Colonne Orch./Derveaux. French EMI 2C 069-73096

Carmen is the most resented of masterpieces. Between the musicians, especially composers, who generally dote on this opera (though Spanish musicians tend to be suspicious) and the infinite public that taps its feet to the tunes, there lies a filling of semi-musical upper-middle-brow taste uncertain how to take *Carmen*, a heady brew of full-blooded vitality, direct statement and contrapuntal grace, blazing sunlight and black darkness. Bizet's insolent way of slewing the harmony in unexpected places (the toreador and flower songs, for example) can still disconcert. No wonder progressive theatre producers itch to get their hands on the work.

Five years after their "Edinburgh" version with Berganza, Domingo, Abbado and the LSO, Deutsche Grammophon have produced a successor with Baltsa, Carreras, Karajan and the Berlin Philharmonic. Agnes Baltsa's lustrous voice records superbly, yet once again one on disc misses something of her stage personality. She is formidable, enticing, not mysterious or vulnerable. José Carreras is a fine José who sounds marked by fate from the beginning, which is a little too soon. The tone is no longer quite steady, but the voice is intelligently, musically used. José Van Dam is the best Escamillo one is likely to hear, equally convincing in the bravado of the toreador's *couplets* and the amorous purrings of the last act. Katia Ricciarelli brings her gentle warmth to Micaela but she, too, is unsteady and her words are too far back.

As one expects in a Karajan recording, the smaller parts are carefully cast. One notices gratefully the Moralès of Mikael Melbye, the smugglers of Heinz Zednik and Gino Quilico. There is a separate cast for the spoken dialogues. The matching to the singing voices is fairly good, but the genuine French exposes pronunciation faults in the non-Francophone singers which one might otherwise overlook. The edition of Fritz Oeser is used with the usual mixed result—some of the restorations are welcome, others less so.

The Paris Opéra Chorus, imported to Germany for the occasion, is extremely lively. The Berlin Philharmonic strings and woodwind are a delight, the heavy brass and fully frontal percussion rather less so. Karajan presides with benevolent uninvolvement until the last entr'acte, when the light touch and feeling suddenly come and stay for most of act 4. Up to that point one can't imagine feet tapping: some pages are slightly plodding, others slightly brazen, chords that should crack like whips thud heavily. The line between revealing new detail and unnecessarily thickening inner parts is thin.

From the Franco-Prussian war up to the early thirties, Vincent d'Indy was a dominating figure in French music. Physically, with soldierly presence, bulging brows and bristling moustache, surely the most dominating of all. Our age has not come to terms with this composer, a country gentleman from the Vivarais in central France, also an able administrator, pedagogue, musicologist and proselytiser—not only for his teacher Franck but for Monteverdi and Rameau. An opinionated martinet, a doctrinaire anti-Semite (contrary in this as in other things he remained on good terms with Jewish musicians he liked, such as Dukas), d'Indy dragooned and sometimes charmed his way through his long career.

Much about his music is rewarding — genuine seriousness, rhythmic exuberance and ingenuity, often a bracing clarity. French EMI have published two discs of the orchestral music followed now by a third, with the big Second Symphony in B flat (1904) in a decent performance, rather flatly recorded, by the Toulouse Capitole Orchestra under Michel Plasson. An impressively architectural, attractive work with a complex finale successfully embracing a noble slow fugue, an exhilarating section in vigorous, dancing five-four and a chorale-peroration which is not pompous.

Total capitulation, however, may not come. There remains a wall of emotional stiffness and didacticism. D'Indy pushes Franck's cyclical methods to extreme limits. Roussel is a different matter. With fastidious talent and unassailable probity he forged a link between the worlds of d'Indy's Schola Cantorum and modern music. He was as serious a composer as d'Indy but better integrated. You can judge his *flavour (an acquired taste,* but one that does not stale) from the first bars of the *Concert* for small orchestra of 1927—like biting into a bitter orange. The short slow movement, in particular, shows Roussel at his admirable best.

The main business of the record is Roussel's Second Symphony (completed 1921), like d'Indy's in B flat. No 3 in G minor is usually considered the pick of Roussel's bunch of four—I hear it was warmly praised recently by Witold Lutoslawski. No 3 is neat, compact, logical. By contrast No 2 is a dark work born of spiritual struggle, from the period when Roussel was passing from impressionism to neo-classicism. The opera-ballet *Padmâvati* was finished but not yet performed. The first audiences were thus unprepared for the symphony's acrid power, and it has still not taken its rightful place.

It would surely have done so if the composer had been Shostakovich, whose No 10 is brought to mind by the quiet, sad flute tune appearing half-way through Roussel's first movement and returning to haunting effect at the end of the work. The Colonne Orchestra's performance is sympathetic. So is Pierre Derveaux's conducting, though he does not have quite the finesse of Martinon on the old Erato issue. On the other hand, the EMI sound is clearer. Warmly recommended to those who enjoy the symphonies of Prokofiev, Shostakovich and (though Roussel at his most expansive is more concise) the bitterer Mahler. Both d'Indy and Ravel are available through Conifer Records.

Tracey Ullman with Alan Rickman

The Grass Widow/Royal Court

Michael Coveney

"What are you looking for?" demands a listless Alan Rickman of Tracey Ullman who happens to have her hand in his trousers at the time. They are on the verandah of a wooden ranch overlooking a Californian dope farm. Snakes slither through the undergrowth. Police helicopters swoop around for free cuttings. The hazy, lazy days of summer are turning chilly. Good old Morty, for whom Dennis (Mr Rickman) has managed the farm, is a stack of bones piled up in a trunk along with the voluminous notes for a definitive tome on the alternative culture.

Snoo Wilson's new play, not one of his best, has a neat title. Morty's widow is using Dennis to stave off the rapacious demands from a sleek little creditor, André, who arrives in a hired limo and snakeskin boots. His girlfriend, Carmen (Miss Ullman), has survived a meat diet and all kinds of other forced feeding at the hands of Hell's Angels. Dennis wants his share of the estate. The widow, Lorraine, wants her share of Dennis.

As a study in the capitalism of the drug world, the play scores a variety of good hits. André is a street hustler who knows no quicker way of making money. Dennis is an English drifter who has been drawn into the association of growers in the valley which Morty started. Carmen will try anything twice. And Lorraine has spent her dead husband's wealth on fixing her teeth and planning to fix her tubes. Leslee Udwin plays this latter role with less swish and panache than is called for.

Max Stafford-Clark's production ambles along in a pleasant sort of way but does not strike to the quick. This is a considerable disappointment, as his previous collaboration with Snoo Wilson on this stage, in *The Glad Hand*, remains a highlight of his regime. For once, the playwright's weird and wonderful obsessions fail to cohere in a theatrical gelatine. The statutory "miracle" — in this case Miss Ullman faking an ectoplasmic demonstration, bubbly froth foaming from between her legs as she sits astride a bucket in a trance — is not very exciting. Or funny.

The plight of middle-aged hippies is a good subject, and I admire Mr Wilson's thoroughness with the language, the attitudes, and the debilitating onset of real life. Mr Rickman, discovered naked under the sun, gives a languid display of stoned pragmatism and manipulates the action through several intriguing plot twists mostly related to the circumstances of Morty's death. And Ron Cook, snappily ruthless as André, scores most of the evening's few laughs.

On the other hand, Tracy Ullman is not really firing on all comic cylinders as the wide-eyed receptacle of mystical nonsense and smuggled dope and was even thrown by a curious mishap with the lighting plot. Mr Wilson's invention, as a result, is less of a deadly concentrate than you would expect.

Ayckbourn overtakes Shakespeare

Alan Ayckbourn has overtaken Shakespeare as the most popular playwright among provincial theatre audiences. The Arts Council, as part of its more open policy, is releasing detailed figures about the audiences and box office receipts of the regional repertory theatre companies that it subsidises.

The most popular and most performed play in 1982-83 was *Cider with Rosie*, which played 232 times with an audience of 92,000. It was followed by Ayckbourn's *Sisterly Feelings* with 217 performances and an audience of 80,000. Among new plays *Blood Brothers, Andy Capp, John Lennon* and *Restoration* topped the list.

There were 1,034 performances of plays by Ayckbourn, with an audience of 327,000, and 1,060 for Shakespeare, with 318,000 attending. Then there was a big drop to the 170,000 who paid to see works by Willie Russell.

There was a fall in the number of performances between 1981 and the beginning of this year, but subsequently, there has been a reversal of the trend, and box offices are now taking more in real terms than three years ago. The cost of a theatre ticket has risen by 20 per cent since 1980.

Breaking down the statistics shows that new plays now account for 13 per cent of the audience in 1982-83 as against 9 per cent in the previous year. Musicals have also grown in popularity at the expense of pantomimes. Even so, pantos still attract the largest audiences, with an average of 450 as against just over 300 for dramas.

The Royal Shakespeare Company, which this week announced that its Stratford audience rose from 74 per cent in 1981-82 to 86 per cent last season, with a similar high audience for the Barbican, is to receive £60,000 in sponsorship from the Royal Insurance.

The money will mainly go towards the RSC/Royal Insurance Armchair Proms for a week in March 1984 when 700 of the top price stalls will be available at 8.30 am each day to personal callers at £3 a ticket. The scheme ties in with the aims of both the RSC and the sponsor to encourage young people to attend the theatre. There will be three productions during the week—*Much Ado About Nothing, Cyrano de Bergerac* and *The Tempest*, all starring Derek Jacobi.

ANTONY THORNCROFT

Saleroom

A large triptych by Sir Stanley Spencer, "Swiss Souvenir," failed to sell and was bought in by Sotheby's for £65,000 at yesterday's sale of British Impressionist, Post-Impressionist and modern paintings.

There were other disappointments: Mark Gertler's "Seated nude" and "Portrait of Koteliansky" were bought in for £4,500 and £6,000 respectively.

But despite a total of 26.5 per cent bought in, the sale was generally good, realising £494,120. The top lot was a view of the Palazzo Cavalli in Venice by John Singer Sargent which sold for £93,500 to a *private buyer*. The price, a considerable advance on the estimate of £10-000 to £15,000, was a record for the artist.

A study of "Mr J. V. Rank's Horses" by Sir Alfred Munnings, originally estimated at between £8,000 and £12,000, was sold for £24,200

A record price was paid for a painting by woman artist Dod Proctor; her "Lady on a chaise longue" fetched £18,700. In the same sale, however, another of her paintings. "Sheilah among the ferns, failed to sell and was bought in for £2,200.

The London Science Museum bought three works: paying £17,600 Stanhope Forbe's "Munition girls at Kilnhurst Steelworks." £1,210 for Edith Grace Wheatley's "Forging wheelrims for tanks" and £1,320 for "the turning mill" by the same artist.

A painting by Sir Winston Churchill, "Seascape near Cap Ferrat," was sold for £11,550 to a private collector.

The Fine Arts Society paid £13,200 for Philip Wilson Steer's portrait of the actress Jennie Lee

ANNALENA McAFEE

Extemporary Dance/Riverside

Clement Crisp

Nothing if not venturesome, Extemporary Dance Theatre offered the work of five choreographers in its Dance Umbrella programme in Hammersmith on Tuesday. The evening began less than ingratiatingly with the audience kept milling outside the studio like stranded passengers in the airport at Hell until curtain time, and continued somewhat in the same vein with the first item, Michael Clark's *1 2 X U*. This was, I assume, a study in homosexual courtship, with Lloyd Newson and Yaakov Slivkin circling each other and caught in rather staid little dances while a nerve-wrenching din of punk rock assailed our ears. There followed a solo by Emilyn Claid for Annelies Stoffel on which I have already reported with less than enthusiasm for its fragments of gesture pinned on the thin line of the dance.

Matters looked up, though, with the first London showing of Jane Dudley's *Dark is the Night*, which uses a chronological succession of jazz recordings to illuminate changing attitudes in dance and social behaviour. Well argued by Miss Stoffel and Edgar Newman, it was blessed with a clear, strong choreographic identity—as one might expect from an artist of Miss Dudley's eminence.

This same creative procedure was also the basis for the other novelty on the programme: Dan Wagoner's *Spiked Sonata*, first given by Mr Wagoner's own troupe a couple of years ago, and here very well performed by Extemporary's six dancers. The design offers amusing versions of 'thirties dress by James Welty, and Mr Wagoner's choreography is similarly stylish in dealing with a selection of 'thirties tunes. High energy, and a general air of good fun, make this an appealing close to the evening.

The remaining piece—Sally Owen's *Giraffes and Jellyfish and Things*—has been in the repertory for two seasons, and is determinedly facetious about evolution: no small feat. It is dominated by the performance of Lloyd Newson, brilliant as a crawling thing all too eager to shed its skins, as the most *simian of chimpanzees, and as* a gravel-blind music-lover who doesn't know front from back. Mr Newson is a highly individual and splendid artist and he makes *Giraffes* worth while.

Aquarius/Elizabeth Hall

Andrew Clements

With Nicholas Cleobury as its artistic director, Aquarius is a predominantly young, Sinfonietta-sized band which made its South Bank debut last month. It appears to be still searching for an identity, though some kind of quaint, faintly whimsical character seems to lurk behind its first pair of programmes, the second of which was brought to the Elizabeth Hall on Tuesday night.

A commitment to new music is certainly signalled. The first London performance of Peter Paul Nash's *Insomnia* and the premiere of the specially commissioned *Towards Aquarius* by John Buller were the highlights of the evening, but they lay uneasily alongside music by Georges Enesco and an unashamedly lightweight second half of Tippett folk-song settings, a slender piece of froth by Lord Berners, *L'Umo dai Baffi*, and Cleobury's own arrangements of songs by Berners and Noel Coward.

Nash's tight little essay, seven minutes of intricate variations with a lucid, effective coda came as blessed relief after the interminable note-spinning of Enesco's *Symphonie de chambre* of 1954, his last completed score.

Buller's *new work was more* substantial, and could be turned into a virtuoso exercise by more assertive and accurate playing than Aquarius produced. It is played against a taped background of continually changing pulses, which accelerate in the first section, slow down in the second and keep a constant speed in the third. The players are required to fit their solos into this grid and the result, melodic and ingratiating, makes for a shapely piece.

Rank Xerox sponsors youth

Rank Xerox (UK) is investing *£60,000 in the British winter* tour of the Chamber Orchestra of Europe, the grouping of young musicians from many European countries.

Jerusalem SO/Festival Hall

Dominic Gill

The Jerusalem Symphony Orchestra rank as the second orchestra of their home country; but in the matter of programming variety and enterprise, and commitment to contemporary music, they probably rank first. Underlining that commitment, they opened their concert under their chief conductor, Gary Bertini, on Tuesday night with a *Scherzo méditerranéen* by the Israeli composer Ami Maayani — a colourful, scrappy nine-minute score, entirely acceptable as an unpretentious curtain-raiser.

There are actually better Israeli orchestral works, just as there are better violin concertos than the Bruch. We say "the" Bruch violin concerto—though it is in fact only the first of three, of which the two remaining have sunk into obscurity. I often wish the first had joined them: for it is a deeply tiresome piece that crops up everywhere, bursting with cliché, and predictable as cream of tomato soup. The only conceivable excuse for it is as a *vehicle for exceptionally* polished and juicy violin playing: and that, on this occasion, the soloist Ida Haendel delivered with splendid elan.

From my seat at the extreme front left of the stalls, I was *able to make close acquaintance* with the back desks of the Jerusalem Symphony's violins, but it was difficult to get a clear view of the orchestral balance. After running the gauntlet of power-crazed killer-nannies disguised as stewards who these days haunt the Festival Hall, I found a better vantage point for Mahler's fifth symphony after the interval.

It was not really a very distinguished account: though it had a definitely original, and not unlikeable, flavour. Bertini made the first movement an unusually lightweight confection, almost breezily lyrical; the second—*stürmisch bewegt*—had all of its sharp edges softened, its bitterness mellowed, its dark shadows chased and scattered by a geniality wholly without vehemence. The sunny scherzo thus seemed less Mahlerian relief than a very un-Mahlerian continuation; and the adagietto no more than a shimmer of surface whispers. Bertini's answer to the proble*matic finale was perhaps his* most successful—bright and very fast, sidestepping by sheer force of impetus any hint of vulgarity.

Mitsuko Shirai/Wigmore Hall

David Murray

Miss Shirai's triumphant *Liederabend* on Tuesday was "presented by Dr Elisabeth Schwarzkopf," to whom it did great credit. In these circumstances imitation would be no flattery at all; the recital proved that though the younger soprano has assimilated the Schwarzkopf standards, there is no question of clever Japanese imitations—Miss Shirai is the real thing, a distinct and remarkable artist. Where moments in Schubert and Wolf echoed a Schwarzkopfian turn-of-phrase, they still belonged entirely to a new vocal person*ality. There are a lot of turns*-of-phrase, after all, about which Dr Schwarzkopf has been formidably *right*.

Miss Sharai's vital intelligence and her rapt dramatic style are her own; and as if that were not enough she has a singularly beautiful voice, not especially large but capable of concentrated power (thrilling in Wolf's "Kennst du das Land"). After her last appearance here I described it as "evenly cultivated," but that is no longer quite correct. Her wide middle register has developed astonishingly, dense, velvety and full of character, and yet brilliantly focused; her higher register remains reliably true and pretty, but thinner, and it begins to sound like an extension. That is incidental to the cultivated intensity of her performances, as potent in Webern's op. 3 songs after Stefan George as in Schubert's "Der Einsame"—delectable—or her quietly piercing "Verlassene Mägdlein" of Wolf.

In short, Miss Shirai looks like becoming an indispensable *Liedar* singer. I leave readers to fill up the statutory "We shall be lucky if this season produces another such, etc." for themselves, and spare them tantalising descriptions of what they did not hear. It should be added, however, that she has the unfair advantage of an accompanist-husband—Hartmut Höll—who is himself a strong, imaginative musician, ready to give splendid weight to piano-parts in the knowledge of just what his singer is equal to. He must surely take credit for her clear, open German diction, too. As a matter of fact her sung Italian, in the opening Haydn cantata, was terrible, though both performers made an immediately striking musical impression: so she is not too good to be true.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Oct 28 – Nov 3

Exhibitions

LONDON

The National Gallery, Manet at Work: this year falls the centenary of Manet's death, which now, in the knowledge of the great old age achieved by his Impressionist contemporaries, whom he influenced so positively, seems so sadly premature. The great retrospective in Paris this summer clarified the nature and significance of his achievement. Here the National Gallery does not give us anything so comprehensive, but takes eight major works across the *range of his* career, and by simple scholarly exposition, shows us how he set about his business

The Barbican: Matthew Smith – an illuminating retrospective, long overdue, of the life's work of one of the most truly French of British painters of this century. And yet he remained a most English expressionist, the sharp, bright Fauve colour of his early years modifying in range and tone to darker, quieter effect. Ends late Oct

The Royal Academy: Art of the Avant Garde in Russia 1910-30: a selection amounting to some 300 works from the astonishing collection formed since the War by George Costakis, sometime official in the Canadian Embassy to Moscow. The Russian artists in the years before and after the Revolution were as stimulated by the ideas and events of that time as their fellow-intellectuals and consequently denounced as decadent when Stalin decided they were too dangerously free and should be suppressed. One wonders how many more works are still under lock and key. *Ends Nov 13*

PARIS

Musée Marmottan, 2 rue Louis-Boilly: an important collection of paintings and drawings by Claude Monet and his friends, including the famous oil "Impression – Sunrise," which gave the name to the whole movement. Closed Mon (2240702)

Musée de Cluny, 6 Place Paul-Painlève: this museum, built originally by the Abbots of Cluny, now houses medieval works of art, including goldsmiths' work, carved altar pieces, ivories, fabrics, and Limoges enamels. Also a set of the Lady and the Unicorn mille-fleurs tapestries – an allegory of the five senses. Closed Tuesday, and every lunchtime

Cycladic Art from the N. and D. Goulandris Collection – more than 200 remarkable items dating from the third century B.C. are being shown at the Grand Palais before returning – definitely – to Athens. Grand Palais (ends Jan 9 1984). Closed Tue, Wed late closing night 10 pm (2615410)

Turner (1775–1851) – the exhibition traces the creative development of the artist who, although steeped in the great landscape-painters' tradition of the 18th century, becomes – through his fascination with the effects of light – one of the forerunners of abstract art. Grand Palais (Oct 15–Jan 16). Closed Tue (2615410)

Liège Modern Art Museum has lent its collection of choice items – one of Monet's first paintings and one of Gauguin's last. Also a surprising, *Blue-period Picasso – to the Centre* de la Communauté Française de Belgique. (Tel: 2712616), 11am–6pm, closed Mon, Ends Jan 8

The Land of Baal and Astarte. Ten thousand years of Syria's artistic development. Petit Palais (2651273). Ends Jan 8, 10am to 5.40pm. Closed Mondays

NEW YORK

Metropolitan Museum of Art: 75 works from the 20th century collection of Baron Thyssen-Bornemisza will include 10 of his latest acquisitions. Featured in the show will be works by Kandinsky, Picasso, Gris, Dali, Bacon, Freud and Rothko. The recent acquisitions are works by Georgia O'Keeffe, Balthus, Mondrian, Picasso and Natalia Gontcharova. Ends Nov 27

Pierpont Morgan Library: Drawings of fourteenth to eighteenth-century Italian masters include a large number of sketches for paintings by Canaletto, Piranesi, Titian and Tintoretto. The drawings show off the draughtsmanship of the painters and the development of their compositions from these preliminary but evocative works. Ends Nov 13

Cantor Sculpture Centre: Set against a spectacular view of New York atop the World Trade Tower, 35 Rodin sculptures are displayed in the enlargements and reductions carried out by Rodin collaborator and reproducer Henri Lebosse. One World Trade Center, 105th storey

WASHINGTON

National Gallery: Art of Aztec Mexico combines works confiscated during the Spanish conquest of 1521 with the unearthing in 1978 of the Great Temple of Tenochtitlàn, capital of the Aztec empire, in central Mexico City. The most comprehensive Aztec art exhibit ever mounted in America reflects the religion that suffused the Aztec culture, with gods performing sacrifices that had to be repeated by man in order to keep the sun moving across the sky and the cosmos working. Ends Jan 8, 1984

CHICAGO

Museum of Contemporary Art: More than 100 works of the provocative, if not outrageous, sculptress Louise Bourgeois comprise the first major retrospective of her work, going back to the 1940s. The sexual and Women's Lib themes of recent times gained the artist a notoriety, here put in perspective. Ends Oct 30.

BRUSSELS

15th Century drawings from Belgian private collections – 100 drawings including Jordaens, Teniers, van *Goyen, Tiepolo, Poussin and Frago*nard. Société Générale de Banque. Ends Dec 21

WEST GERMANY

Düsseldorf, Tonhalle, 1 Ehrenhof: "New Glass in German" has 260 colourful decorated glasses, vases, bowls and pictures by 59 contemporary artists. Ends November 6

Nuremberg, Kunsthalle, 32 Lorenzer Straße 32: a survey of the contem*porary arts scene in East Germany* documented by more than 200 works by 13 artists. Ends Nov 15

Berlin, Nationalgalerie, 50 Potsdamer Strasse: 180 figurative and abstract wooden, bronze, wire and rolled-steel sculptures by Pablo Picasso. Ends Nov 27

Hanover, Wilhelm Busch Museum, 1 Georgengarten: The first venue of the roving exhibition with 176 etchings and lithographs by George Cruikshank, the British cartoonist. Ends Jan 8

Essen, Museum Folkwang, 41 Goethestrasse: paintings, *drawings*, water colours and graphics chiefly from the early periods of Erich Heckel (1883 to 1970), the German expressionist painter. Ends Nov 20

Munich, Lenbachhaus, 33 Luisenstrasse: 'Aktuell '83' offers a view of a sizeable part of today's European arts scene through 165 works (mainly paintings, sculptures, video and films) by 44 artists from Milan, Munich, Vienna and Zurich. Ends Nov 20

ITALY

Milan: At the Chiesa delle Grazie there are 100 pre-Raphaelite and Neogothic paintings for church windows.

Venice: Palazzo Ducale, 7000 years of China exhibition. Ends Dec 31. Museo Correr: Titian's engravings on show. Palazzo delle Prigioni: exhibition of works by Massimo Campigli

Berlin Autumn Arts Festival

Ronald Holloway

Far and away, the top stage honours at this year's Berlin Autumn Arts Festival (Berliner Festwochen), went to the guest performances from Poland: Jerzy Jarocki's production of Calderon de la Barca's *Life is a Dream (La vida es sueño*, published in 1638) at the Stary Teatr Kraków, and Kazimierz Braun's production of Albert Camus's adapted novel *La Peste* (titled *Dzuma* in Polish) at the Teatr Wspolczelny Wroclaw. A year ago, at the 1982 Berliner Festwochen, Jarocki was critically acclaimed for his production of Slawomir Mrozek's *On Foot*, a presentation of the Teatr Dramatyczny Warszawa. He is surely one of the finest directorial talents in contemporary theatre.

A theatrical event has been carved out of Calderón's *Life is a Dream*, for the play itself deals with Poland, is set on a barren state-landscape, and is imbued with the Spanish dramatist's lofty spiritual thoughts. References to Poland today are clearly evident, although reading between the lines belongs essentially to the coterie of exiled Poles in the audience, each of whom anticipated every spoken syllable (in contrast to the rest of us fumbling with an earphone for a simultaneous translation). Nevertheless, one is fairly taken aback by the timely relevance of this classic in even the skeleton frame of the plot.

Basilius, King of Poland, imprisons his recently born son due to a prediction, read from the stars, that *Sigismund, the son, will one day* overthrow him in a rebellion. When the child has grown up without knowledge of his royal blood, the old king repents and invites the son to join him on the throne – at which Sigismund thoughtlessly falls back on his unharnessed, violent ways.

He is immediately imprisoned again, but told (after recovering from a drugging) that the contact with royalty was nothing more than a dream. Thereupon a transformation takes place in the youth, and he tempers his *savagery with* reason.

A revolution then does occur, the old king is dethroned, and Sigismund is offered the crown. He becomes a good king – indeed, abrim with joy, he begins to dance the Krakowiak – for at one stage the old king had threatened to strip Sigismund of his rightful heritage and pass the Polish crown on to his nephew in Moscow. "I had a dream..."

This is a wordy play, with painfully long speeches. Yet the stage presence of Krzysztof Globisz as Sigismund – as imposing as a block of granite, as agile as a Nureyev – makes everything credible. His counterpart is the gifted Jerzy Stuhr as the old King Basilius, an actor known to international audiences from his numerous roles in films by Andrzej Wajda, Krzysztof Zanussi and Krzysztof Kieslowski.

Shortly, if he recovers in time *from an illness, Wajda will direct* Stuhr in the title role of Shakespeare's *Hamlet*, according to one report here. And, of course, at the Stary Teatr Krakow ("stary" means "old" in Polish) – arguably, Poland's leading theatre at the moment.

An earlier Jerzy Jarocki production, a staging of T.S. Eliot's *Murder in the Cathedral* in a church with top dramatic personalities, was transmitted in a clip on West German television broadcasts on Poland after the imposition of mar*tial law. It is noticeable how up-to-*date and analytical Polish theatre can be while maintaining a distance between real events and metaphorical nuances. In the case of the second production invited to the Berlin festival, Kazimierz Braun's adaptation of Camus's *The Plague* at the Teatr Wspolczelny Wroclaw ("wspolczesy" means "contemporary" in Polish), it is the closing scene that strikes a chord.

Here, after the epidemic (in the Algerian city of Oran in the original) has been apparently conquered through the solidarity of the townspeople in combating the common danger without illusions, the barbed-wire fence between the stage and the public is symbolically surmounted by the gesture of a woman: she hangs her washing over the wire to dry.

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Thursday November 3 1983

A steel plan collapses

THERE IS irony in comparing the performance of the UK and West Germany in their attempts to accommodate the cutbacks in steel output required by the EEC Commission.

When a British conservative government finally got to grips with a nationalised monolith bequeathed it by a socialist one, the cutbacks in output and manpower were impressive. But when a conservative German government tries to cajole a more fragmented private sector steel industry to adapt to externally imposed quotas, progress is slow, expensive and only achieved with bitter arguments. Competition can become a liability when a market-place is not allowed to operate.

The final breakdown of the attempt to create a single rationalised company out of the steel-making subsidiaries of Thyssen and Krupp is the result of competition between companies and the different steelmaking centres of the lower Rhine valley that lie behind them. Although both operations are generating losses Thyssen felt it was in better financial shape than Krupp and was therefore unwilling to take on Krupp Stohl's DM 1.5bn (£381m) in debt without substantial help from the Government.

Failure

The failure of the planned merger leaves the Bonn Government without a steel strategy. Till now its efforts have been focused on the recommendations produced by a commission last January. These called for the five main German steel makers to coalesce into two competing groups—the Rhine Group and the Ruhr Group. Talks on the Ruhr group came to a standstill in March. Now the Rhine group is stillborn as well.

The upshot of both failures is that slimming down the German steel industry is going to take longer and be more painful and expensive than it would have been had the mergers gone ahead. The obvious advantage of the Krupp-Thyssen merger plan was that the two companies, being in the same area of Germany, could preserve their more modern plants, phase-out obsolete ones, and yet still preserve a viable chain of production. The savings on required capital investment were put at over DM 1bn and the political pain would have been spread between the two workforces.

Consequences

The Bonn Government is going to find it difficult to let the two companies suffer the consequences of their failure to merge. So far, the results of regional elections in Germany have not been encouraging to the Christian Democrats. The party will be apprehensive about the elections due in North-Rhine Westphalia, which encompasses much of the steel industry, in 1985. Already it has felt obliged to prop up Arbed Saarstahl in the Saarland.

The result is likely to be a venting of the German Government's frustrations abroad — against the EEC Commission for using reduced quotas to put pressure on the German industry, and against other subsidised European producers that are now making such inroads into the German market. The undercurrent of very un-German talk on the need for protectionism will grow louder. And West Germany could very well use its role as the EEC paymaster to make a big issue out of steel subsidies at the EEC summit in Athens in December.

But the failure of the Krupp-Thyssen merger is not only a German disappointment. It hangs yet another question mark over the whole EEC policy of trying to "restructure" an industry while protecting it from, and supporting it against, non-European competition. Within the cocoon changes take place too slowly because conditions are never quite uncomfortable enough to force the unpleasant choices through. Outside the EEC, the pressures for retaliatory protectionism grow because the EEC regime increasingly appears a ploy designed to protect European producers from unpalatable reality.

Banking charges made simple

IT WAS Natwest's turn this week to lead off the annual increase in UK bank charges and brave the public outcry that invariably follows. But the issue at the centre of this highly vexed question is not whether bank charges should go up each year (there is a good case for saying they should) so much as how.

For as long as anyone can remember, British high street banks have charged their customers well below the true cost of supplying services, and made up the difference by paying them little or nothing on their deposit and current accounts. This cross-subsidisation of the user of bank services by the saver has produced an artificial and highly distorted pricing structure which needs to be eliminated in the interests of both fairness and the health of the increasingly competitive retail banking market. Even after Natwest's increases, charges will cover only 40 per cent of the cost of running personal accounts, up from 30 per cent before.

Cash machines

But Natwest's complicated new scheme is not the way to go about it. With its intricate array of minimum balances, waivers and special allowances it not only requires a pocket calculator to understand but is bound to reinforce the widely held notion that bank charges are levied capriciously. The only sensible-looking part is a 25 per cent reduction in charges for direct debits and withdrawals from cash machines—an incentive for customers to use new, efficient systems.

Not that anyone—in the UK or elsewhere—has found a perfect solution. Any system of bank charges must be flexible enough to give equal treatment to people who keep low balances but write a lot of cheques, and those who keep high balances but write few cheques. But the elements of a workable scheme seem clear: they are simplicity and transparency.

Two elements

It should be possible to introduce a set of tariffs with only two elements: a flat rate for each transaction plust a charge if the monthly average balance falls below an established minimum. In addition, the scale of charges should be clearly posted in the banks, and bank statements should include a detailed breakdown of how that month's charges were arrived at. None of this should be technically very difficult with the sophisticated electronic equipment banks have at theirOol banks now have at their disposal.

Clearer tariffs would encourage more price comparison, of course, which may partially explain the banks' reluctance to seek greater simplicity. But given general dissatisfaction with the present system, there should be a marketing opportunity for a bank willing to make a bold departure and serve its customers with what they obviously want. The other clearing banks have the chance to make the break when they announce their new charges in the next few months.

Leaders must lead

TRADE UNIONS want to be respected, to appeal to a broader spectrum of workers, and to defend Britain's traditionally voluntary system of industrial relations. For leaders, that entails not only representing members, but ensuring that agreements made on their behalf are adhered to.

A remark made on Tuesday by a district official of the Transport and General Workers Union does little to further these aims. Explaining why the Port of London Authority's request for a no-strike deal over two years would be rejected, Mr Bill Munday said: "There is no way we could guarantee keeping to it. It's our members who tell us what to do, not us."

Everyone knows that agreements are occasionally broken, and that union officials cannot always prevent it happening. But the suggestion that even after agreements have been signed, the members' right to decide whether to stick to them is paramount, is hardly a recipe for stable industrial relations.

No-strike deals are rare in British industry and are likely to remain so, but in circumstances as serious as those that face the PLA it is right that such deals should be considered. If they are to be rejected, the reasons should be a good deal more compelling than those advanced by Mr Munday. Union leaders have to lead, not opt out.

BRITAIN'S BIGGEST BID

BAT 'rescues' the Eagle

By Richard Lambert and Barry Riley

SENIOR EXECUTIVES of BAT Industries have for years talked wistfully about acquiring a "fourth leg" to complement the group's existing interests in tobacco, retailing and paper. Speculation about the likely target has occupied many a dull moment on the Stock Exchange.

But yesterday's agreed offer for Eagle Star — which, at £796m, will be the biggest in British history if it comes off—still came like a bolt out of the blue. A large and not very sparkling general insurance company had never looked an obvious bedfellow for the world's biggest private enterprise tobacco manufacturer.

With premium income of just over £500m from general insurance business in 1982, Eagle Star ranks sixth in the list of UK composite insurance groups. But it has a proportionately large life insurance business, and life premiums of £346m were exceeded only by Commercial Union among the composites last year.

According to Mr Patrick Sheehy, BAT's chairman, the approach to Eagle Star was not just an opportunistic response to last month's unwelcome takeover bid for the UK insurer from Allianz Versicherungs of West Germany. On the contrary, he said yesterday, "our investigations over the past two years had revealed at quite an early stage that financial services were the most promising sector for fresh diversification."

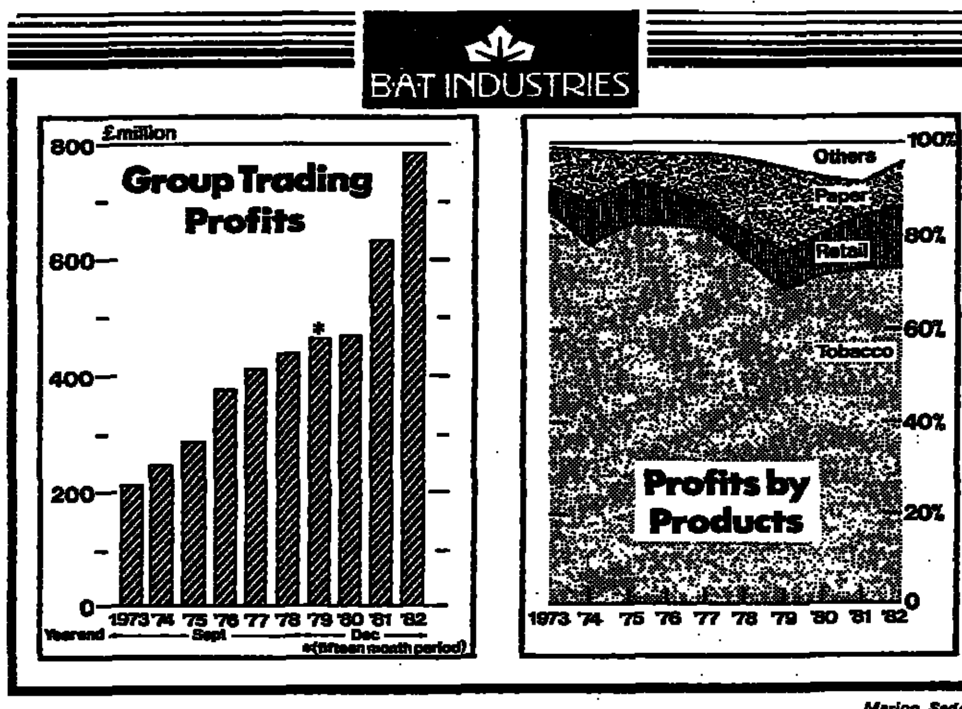
The reasons included the world-wide swing from manufacturing to service industries, London's position as a financial centre, BAT's financial strength, and its experience at running world-wide operations. An added attraction was that the financial sector included takeover candidates that would be big enough to have an immediate impact on BAT's profile.

All this might come as a surprise to readers of Mr Sheehy's annual statement this spring. He said then that the group's acquisition hunt was concentrating on fast-moving consumer goods and services. "We believe that our main thrust of expansion should be in industries where our skills and expertise are applicable," he added.

Mr Sheehy, who has spent 33 of his 53 years working for BAT, explained yesterday that the group had already started to focus on the possibility of financial service acquisitions in the early part of the year. But it was not until the end of the summer that a small committee of senior executives—which he chaired—decided that composite insurance was the most attractive sector, and that Eagle Star was one of a number of potential acquisitions.

It was a big company—one of the half dozen largest insurers in the UK, and one which had not pushed as fast as others into international markets. And with Allianz breathing down its neck, it might be willing to talk terms with BAT. Mr Sheehy did not want to get into a fight.

A couple of days after Allianz made its takeover move,



Marion Sedger

Mr Sheehy contacted Sir Denis Mountain, Eagle Star's chairman. To the hard-pressed insurance group, he must have looked like the Seventh Cavalry.

But why is BAT so keen to acquire this fourth leg? After all, the financial performance of its existing businesses over the past 10 years has been impressive. According to recent calculations by stockbrokers de Zoete and Bevan, its compound earnings growth over the decade has worked out at 16.5 per cent a year—well over twice the average for UK industry. Its dividends have nearly quadrupled over the period, showing a significant measure of growth in real terms.

BAT's achievement has not been reflected in its share price. Relative to the stock market as a whole, its price earnings ratio is standing close to its lowest point for the last 20 years. Although the group can boast an earnings record to match growth companies like Beecham, its standing in the stock market still looks distinctly shabby.

An obvious explanation is that, for all its diversification, tobacco still accounts for nearly three-quarters of the overall trading profit. The cigarette market worldwide will, at best, show only modest growth in the years ahead: Mr Sheehy estimates annual volume gains at about 1 to 1½ per cent.

Price competition has been intensifying in a number of BAT's most important markets, notably the U.S. and Germany. In the U.S., BAT's subsidiary, Brown and Williamson, was slow off the mark in the push into low tar cigarettes and its market share has fallen from around 17 per cent to under 12 per cent since the early 1970s. The important Brazilian subsidiary has been hit by the country's economic difficulties.

Moreover, as Mr Sheehy explained yesterday, the group's leading position in so many major markets means that acquisitions within the tobacco sector may well run into anti-trust objections.

The urge to diversify into new businesses had seemed to moderate somewhat in the last few years, when BAT spent heavily on acquisitions in the retail sector—such as Argos in the UK and Marshall Field in the U.S.—and paper manufacturing, with Appleton of the U.S. being acquired in 1978. But Mr Sheehy, who took over

The world cigarette market will, at best, show only modest growth in future

as chairman just over a year ago, put the "fourth leg" argument high on his list of priorities.

So the group had the inclination to move into a new field, and it also had the fire power. Although it is a mature business, tobacco still makes attractive returns on capital. It generates a lot of cash, as does retailing. BAT is not heavily committed to the capital intensive end of the paper business. It concentrates more on value added products like carbonless copying paper than on commodity paper making.

As a result, BAT has been able to finance very substantial spending on fixed assets and acquisitions—£832m in the last two years alone—without turning to its shareholders for help. The latest bid, which will give Eagle Star shareholders a choice between cash or debt instruments, could increase the group's debt-equity ratio from 46 per cent to about 60 per cent. But Mr John Symons, BAT's deputy chairman, said yesterday that his group's cash flow would pull this ratio back into line over the next couple of years.

The key question, of course, is whether BAT has the ability to mould Eagle Star into a strong and growing part of its organisation. A few years ago, such a bid would have produced howls of despair in the City. BAT had a lot of trouble with its early attempts to diversify—in particular with its moves into cosmetics in the late 1960s through such acquisitions as Lentheric, Yardley and Germaine Monteil. Its purchase in 1972 of International Stores, the UK food chain, looked like a disaster for years.

But the record has improved significantly. Yesterday, Mr Sheehy picked out Appleton, Argos and Marshall Field as three recent acquisitions which had started to pay their way handsomely in a relatively short period of time.

"The lesson we learnt from the early acquisitions was the need to buy quality companies with good management," he said. "And if you haven't got the management there, you must find out quickly where the gaps are—and then go out and recruit the best.

"In the past, we were perhaps a little hands off and a little reluctant to do that."

But Mr Sheehy added politely: "We think Eagle Star is well-managed and has a good record."

MR PATRICK SHEEHY
"The most promising sector"

For Eagle Star, the unexpected appearance of BAT on the scene has provided an acceptable way out of what was becoming a seriously inhibiting confrontation with Allianz. Senior executives of Eagle Star see the BAT offer as removing the shadow of Allianz from their development plans, while providing the resources for an international expansion programme. They see BAT as a wealthy and non-interventionist parent, although it is not clear at this stage whether all their optimism is justified.

In dealing with Allianz, Eagle Star has had to grapple with fundamental differences between German and Anglo-American business philosophies. On the Continent, firm business relationships are commonly reflected in interlocking shareholdings. For example, the mutual 25 per cent shareholdings held by Allianz and Munich Re, the world's largest reinsurance company, have led to a high degree of co-operation between the two groups.

But to Eagle Star, the idea that business partnerships could be agreed on the basis of Allianz's stake (until recently, of 28 per cent) was anathema. Eagle Star claims a fundamental conflict between the interests of Allianz and of the rest of Eagle Star's shareholders. Its attitude has been that if Allianz wants control of Eagle Star, it must pay the full price for it. But even in its latest bid, Allianz has seemed to be aiming at no more than a 40 per cent stake, giving it effective control without paying for it.

However, BAT Industries, in the Anglo-American style, has made a straightforward offer for the entire capital of Eagle Star. "We feel there is compatibility between the managements of BAT and Eagle Star," says Sir Denis. "Shareholders must be better off with a deal for 100 per cent."

For more than two years, Eagle Star says it has laboured under serious constraints because of the Allianz stake. It has been inhibited from setting up new overseas life insurance operations, which might damage short-term earnings. And it has also feared Allianz's reaction to any move into the German life assurance market. "They would have given us very short shrift," says Mr Tony Ratcliff, Eagle Star's chief general manager.

Eagle Star has also been considering broader moves into financial services, outside its traditional fields of life and general insurance. "We have considered the possibility of giving the man in the street a package which would not necessarily be restricted to insurance," says Sir Denis.

Until now, however, there has been the fear that expansion moves, especially those involving the issue of new equity, would be fiercely opposed by Allianz—either because they did not fit with Allianz's own plans for the future, or simply because they would involve dilution of its equity stake.

Now, however, Eagle Star sees BAT as adopting very similar ambitions in the international financial services field. "BAT will open doors in overseas territories for us," Sir Denis believes. "It can only help us."

But it is a little early for Eagle Star to celebrate the departure of Allianz from the scene. The German group could decide to come back, although the word yesterday was that it would not be making up its mind this week.

BAT has not paid a knockout price; indeed it is slightly curious that Eagle Star has accepted 575p a share with such alacrity two weeks after the offer of 500p from Allianz was described as "derisory" and "grossly inadequate." There had been talk of a net asset value of 750p or 800p.

Clearly Eagle Star has been pressurised into recommending the BAT offer to shareholders by the fear that at any time Allianz might swoop in the market and pick up another slice of the equity.

Negotiations have been short. It must be doubted whether detailed agreements on the future management of Eagle Star within BAT have been hammered out, although both sides profess to be happy with the assurances given.

For three generations Eagle Star has been under the guidance of a member of the Mountain family. Sir Denis is the grandson of the founder. For much of that time, the company has been seen as solid, cautious and unexciting. It habitually underplayed its true value, especially of its substantial life assurance side; shareholders became impatient and alienated, leading the way to the successful dawn raid in 1981 by Allianz.

In BAT, Eagle Star has apparently found a potential parent which is much more to its taste. But even under BAT's ownership, there are likely to be substantial changes.

Men & Matters

Pitcher's base

Much of the technological know-how that Desmond Pitcher acquired as head of Plessey's telecoms business is going to be very useful in his new post as chief executive of Littlewoods.

"A wonderful conglomerate of mail order, retailing and pools," he says. "It's a perfect opportunity for the introduction of electronic merchandising techniques like shopping from home. It's right in the mainstream of modern service industries."

Pitcher says specific plans for propelling Littlewoods into the information age will have to wait until he has his feet under the desk. And he admits it is likely to be some time before the wonders of technology can be applied on a large scale.

But Littlewoods has already shown interest in electronic media and is associated with a group of companies which has been considering bidding for a cable television franchise in Liverpool.

This is the third time that 48-year-old Pitcher's business career has taken him back to his native Liverpool. He first returned there when he moved from the U.S. computer company, Sperry, to become managing director of Leyland Vehicles in 1977. The city was also his base when he joined Plessey the following year.

"A lot of people think of Liverpool as a sort of cross between Hiroshima and Gdansk," he says. "But they're wrong. There's a lot going on in that town."

Industry observers will not be greatly surprised by his decision to quit Plessey. There had been signs that he was not seeing eye-to-eye with the Clark brothers.

Pitcher moves to a company that has dramatically changed its managerial style in the past 18 months. Run on a tight family rein for over 50 years by Sir John Moores, the first director from outside was only appointed to the board two years ago.

Philip Carter, whom Pitcher replaces, had been with Littlewoods for 40 years, joining it as a boy of 16.

Littlewoods' retail trading problems may have convinced Moores of the need for new blood, but the company has still seemed reluctant to accept new ideas.

Ex-Argos chief Tom McAuliffe left after four months of trying to get top-level approval to change its stores operation. But major surgery began this year with the shedding of 1,900 jobs. Others may have to follow, especially in the pools operation where systems have failed to keep pace with technology.

ICI buy

America has always been a great place for shopping. ICI executives had promised that no acquisitions were going to be announced on their whirlwind U.S. road show this week. But in the end, the unpredictable John Harvey-Jones has decided to pick up a souvenir.

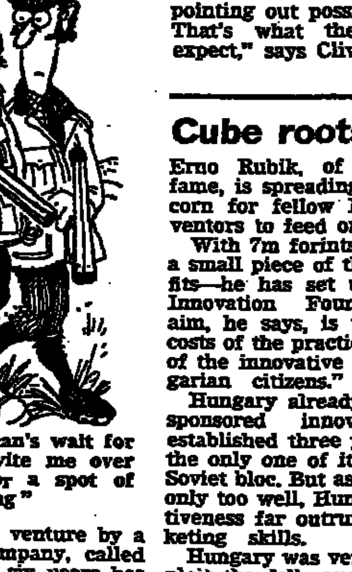
At their Chicago presentation yesterday, ICI's chairman announced that Arbco Electronics of Van Nuys, California, is now part of the ICI group. With annual sales of $5m, Arbco's acquisition will perhaps be funded out of petty cash?

Japan bound

Whatever its other claims to fame, Leamington Spa seems an unlikely place from which to forge stronger commercial links between Britain and Japan.

But it is from the Warwickshire town that a new Japanese-language magazine about British business is to be launched. It will have an initial circulation of about 7,500 among Japanese banks, companies, small business organisations and reference libraries.

The Department of Industry has endorsed the venture by a small, private company, called Mitaka, which in six years has become one of Europe's leading Japanese-language publishers.



"Personally, I can's wait for Heseltine to invite me over to Berkshire for a spot of shooting"

Clive Smith, and his Tokyo-born wife Emiko, started the company—named after the Tokyo suburb where they once lived—as a basic translation service.

But with fellow director Ian Smith (no relation), they rapidly built it into a comprehensive information service for British companies interested in Japanese markets. Their clients include Shell, Cadbury Typhoo, and Grand Met among other leading companies as well as most of the regional development boards.

For some time, Mitaka has published Japanscan, a survey of Japanese industrial and commercial news, for British businessmen. Now, using what it claims to be the best Japanese type-setting equipment in Europe, with around 9,500 characters, it plans to report on the British business scene for Japanese readers.

The magazine, Britain Today, is "not going in for a glossy soft sell of Britain, we are also pointing out possible problems. That's what they want and expect," says Clive Smith.

Cube roots

Erno Rubik, of cubic puzzle fame, is spreading a little seed corn for fellow Hungarian inventors to feed on.

With 7m forints (£107,000)—a small piece of the cube's profits—he has set up the Rubik Innovation Foundation. The aim, he says, is to "cover the costs of the practical realisation of the innovative ideas of Hungarian citizens."

Hungary already has a state-sponsored innovation fund, established three years ago and the only one of its kind in the Soviet bloc. But as Rubik knows only too well, Hungarian inventiveness far outruns their marketing skills.

Hungary was very slow to exploit the follow-up to the original cube. Last year, it prepared to mass produce a 12-sided polygon puzzle, only to find the market already flooded with cheaper versions from the Far East.

Production of the polygon has now been stopped. But samples were handed out to Western bankers at loan-signing ceremonies this year in Budapest. One, who parted with $20m of his bank's money, acidly dubbed it "the most expensive toy I ever bought."

Food for thought

An acquaintance with quaintly old-fashioned tastes felt a bit peckish while passing the time at a hotel near Heathrow Airport. He asked the waitress for a mustard-and-cress sandwich. "English or French mustard," she queried.

Observer

THE U.S. THIRD QUARTER

The upturn is here to stay

By our New York staff

BACK IN the first quarter of this year, the infant recovery in the U.S. was mainly visible in a few companies whose rising profits trend line was passing others still on the way down.

By the second quarter, corporate America had been convinced that the upturn was here to last and by the recently concluded third quarter it had become so entrenched that *General Motors* was to be found looking out into the great blue yonder, musing on just how long it could all be sustained. With luck and good political judgment, the company concluded, it could last for five years.

What the third quarter reports have shown is a recovery which is bounding along at a tigerish pace, albeit missing a step or two from time to time.

Unofficial estimates put the year on year upswing in profits at around 25 to 30 per cent: Merrill Lynch, for example, reckons that a pre-tax level they rose by 30.6 per cent, reduced to 24.5 per cent after tax.

The figures are complicated by the fact that the revival has come out of a period of drastic reconstruction, still bespattered here and there with huge write-offs and special credits. But there is no doubt that the quality of corporate earnings has improved. With inflation well down, profits are becoming real again, and they are being struck after much higher depreciation charges, made possible by the liberalised provisions of the 1981 tax regulations.

The corollary of these extra allowances is that cash flow has increased to match, allowing increased activity without an enormous new demand for outside finance.

Figures produced by Salomon Brothers show that internal corporate cash generation over the first nine months of this year rose by 25 per cent after being virtually static during the previous two years. Liquid assets are being rebuilt while external financing has dropped by 23 per cent.

Yet if corporate America looks as though it is returning to overall financial health, there are still plenty of disease-ridden pockets containing companies that are only just beginning to emerge from critical care.

Indeed, the recovery has not spread as broadly or as quickly *as was originally expected*, and it has been very highly concentrated on consumer areas.

These broad trends were summed up in General Electric's results, where net profits from the company's very wide spread of activities increased by 11 per cent to $499m.

Mr John Welch, chairman, said that the company was beginning to take in increasing *orders for general purpose* industrial equipment and factory automation products to add to the buoyant performance of its consumer durables division. But "markets that traditionally lag a recovery, such as heavy capital and non-residential equipment, remained soft," he said.

Mr Welch's remarks were echoed by Westinghouse, the second of the large electrical groups. "Recovery in the industrial capital goods segments continues to be sluggish," said Chairman Robert Kirby. "We look for higher capital spending next year."

The industries that have so far singled themselves out as the locomotives of the recovery include paper and packaging products, chemicals, autos and drugs: They have excelled for two main reasons.

First, some companies have *just happened to be* the fortunate beneficiaries of the exceptionally strong dose of resurgent consumer demand. Even here, the pattern has not been entirely consistent. The textiles sector, for example, has shown little improvement despite its direct links with the consumer. But it has been particularly evident in durable goods and housing. The motor industry has been a good bellweather in this respect, with volume up by about 25 per cent on the same period a year ago.

Secondly, virtually all of these companies have trimmed and rationalised as part of the corporate house cleaning that has swept through the U.S. over the past two years. One reason for the unexpectedly high rebound in profits over the three months reporting period is that the cuts went so deep they shrunk the cost base more than in previous recessions.

The way in which break-even points have come down is well demonstrated by General Motors. The company came in with record third quarter profits on volume of around 200,000 units less than in its previous record breaking year of 1978.

HOW THE RESULTS COMPARE

CONSTITUENTS OF DOW JONES INDUSTRIAL INDEX
Net income in latest quarter

	($m) 1983	($m) 1982	Quarter to	diff. in $m
Allied Corp.	107.0	81.0	30.9	+26.0
Aluminium Co. of America	34.63	15.09	2nd Q	+19.54
American Brands	90.1	89.2	2nd Q	+0.9
American Can	27.1	11.3	2nd Q	+15.8
American Express	180.2	163.0	30.9	+17.2
AT & T	1,458.0	2,021.1	30.9	−563.1
Bethlehem Steel	(83.2)	(208.9)	30.9	+125.7
Du Pont	312.0	195.0	3rd Q	+117.0
Eastman Kodak	169.4	248.3	2nd Q	−78.9
Exxon	1,225.0	1,017.0	30.9	+208.0
General Electric	499.0	451.0	3rd Q	+48.0
General Foods	73.446	66.086	1.10	+7.36
General Motors	737.0	129.4	3rd Q	+607.6
Goodyear Tire	82.2	104.0	30.9	+21.8
Inco	(56.6)	(106.5)	3rd Q	+49.9
IBM	1,303.0	1,044.0	30.9	+259.0
International Harvester	(131.0)	(136.5)	31.7	+5.5
International Paper	66.9	32.4	3rd Q	+34.5
Merck and Co.	109.022	94.51	30.9	+14.512
Minnesota Mining and Man.	178.0	169.0	3rd Q	+9.0
Owens-Illinois	(5.6)	27.9	3rd Q	−33.5
Procter and Gamble	273.0	257.0	30.9	+16.0
Sears Roebuck	288.8	166.7	3rd Q	+122.1
Standard Oil (Calif.)	509.0	459.0	30.9	+50.0
Texaco	331.0	303.0	30.9	+28.0
Union Carbide	80.6	70.5	3rd Q	+10.1
U.S. Steel	52.0	(82.0)	30.9	+134.0
United Technologies	121.0	113.2	30.9	+7.8
Westinghouse	115.5	113.7	30.9	+1.8
F. W. Woolworth	16.0	3.0	Q end July	+13.0

What goes for GM also goes for the rest of the U.S. motor industry, which is now emerging *from a period of enormous* cut backs: in 1977, the four leading U.S. vehicle companies established their highest ever third quarter aggregate earnings of $706m on a U.S. car production level of 9.3m units. This year they have turned in earnings of $1.6bn, and will probably make around 7m cars.

Similarly, the strong recovery in the chemicals sector is based on a combination of higher volume and lower costs. At Du Pont, where third-quarter profits rose by 60 per cent, unit sales were up by 11 per cent and capacity utilisation from 67 per cent to 72 per cent.

Alongside these companies which have broken out of the recessionary strait-jacket, there are as many again that are only just beginning to see the impact of increased demand.

The big aircraft manufac*turers, though helped during* the downturn by their military activities, are a case in point. In the third quarter, both Boeing and McDonnell Douglas reported significant increases in commercial jet sales for the first time since the recession began. Boeing added that its commercial aircraft order book had shot up from only 24 per cent of the total a year ago to a staggering 74 per cent.

In the truck industry, sales began to show the first signs of an upturn in late summer, leading to an announcement this week by International Harvester — which ran up losses of more than $400m in its first nine months — that it is stepping up output by 20 per cent.

The transport sector is also beginning to turn round. The railways, one of the most sensitive indicators of economic activity in the U.S., suddenly swung up in the third quarter.

On the roads, Consolidated Freightways, one of the biggest trucking companies, reversed a four-year decline

Even the steel companies, though still wallowing in losses for the most part, are beginning to see some rays of hope. After the ruthless pruning of plants and wages, the deficit figures have come down.

Against this background of boom or renewed hope, the third quarter has also produced its fair share of problems—and just plain disasters.

The computer industry has had particular difficulties. The shakeout, which began with the video game makers and home computer companies—such as Atari, which has chalked up a $500m plus loss so far this year —has spread.

Texas Instruments decided enough was enough. While announcing another huge loss on its home computer business the company said it was quitting the field. By way of contrast, Apple and Digital Equipment, which both reported declines in third quarter earnings of 70 per cent or more, said they plan to battle it out in the mid-priced personal computer market.

In the midst of this, IBM's 25 per cent earnings gain to $1.3bn stood out like a rock in shifting sands.

A further set of problems continues to confront the airlines, where deregulation has plunged companies into a very different environment. With all the old rules on route allocation and pricing abandoned, the companies have, for the last 18 *months, been exposed to* heightened competition which has sharply differentiated efficient operators from the also-rans.

Thus, American Airlines' earnings jumped from $17m to $100m as it reaped the benefits of productivity improvements and additional traffic. But Eastern's losses, by contrast, remained virtually constant at $34.4m as its costs escalated, wiping out any volume gains.

The one area of U.S. industry which has seen the biggest shakeout is the oil services sector. The drop in world oil prices in 1982 punctured an unprecedented boom in U.S. drilling activity and left tremendous surplus capacity. Only one in two drilling rigs are operating in Texas, for example.

The slump in the oil services sector has led to heavy losses among several well known companies. Lone Star Steel, the biggest supplier to the industry, has lost $74m so far this year, compared with profits of $253m in the same period last year. NL Industries, another major supplier, has lost $63.4m on its petroleum operations in 1983, compared *with earnings of* $322m in the first nine months of 1982.

The slump in activity has fed through to the banks. Problem energy loans now constitute the biggest domestic headache for many U.S. banks. Interfirst, a high flying Texas group, lost $194m in the third quarter and several smaller banks have either failed or come close to it. The problems of the energy sector are proving to be more deep-seated than many people at first thought.

However, the biggest bogey for the U.S. banks may well turn out to be their troubled international credits. While accounting changes masked some of the deterioration in profitability, half the top 10 U.S. banks reported lower third quarter earnings and on average the first 100 major banks reported a 9.1 per cent earnings decline.

The top 10 U.S. majors now have more than $15bn of non performing loans—including a growing chunk of Latin American loans, set to grow still bigger by the end of the year.

The combination of higher non performing loans, larger loss provisions, thin spreads and weak business loan demand has halted the recovery in bank earnings which was apparent in the first two quarters of this year.

What is more, the dynamo that drove the initial recovery —falling interest rates—has also come to a halt. A fall in interest rates would, of course, help the banks with both their domestic and third world problems—just as it would help U.S. industry.

Indeed the market is now beginning to worry that the still historically high level of U.S. interest rates could begin to choke off the recovery some time next year.

That, quite apart from the presidential elections next year, is one reason why some forecasters and corporate treasurers argue that easier credit may well be on the way.

Lombard

The taxes that hit jobs most

By Samuel Brittan

WHAT ARE the taxes that hit jobs most? There is no need to make the case for giving top priority to reductions in such levies when unemployment is at its present level. Indeed, the October *London Business School Outlook* argued that if public spending could not be curbed enough to make way for cuts in business taxation, other taxes, such as VAT, should be raised to find the revenue.

It will be difficult to persuade any Chancellor to take that particular route after the experiences of 1979, when VAT was raised from 8 to 15 per cent amid general uproar; but it will at least be helpful to establish an order of priorities for whenever any tax reliefs should be available.

The first choice is between relieving taxes on business in the hope of increasing the demand for labour and raising tax thresholds in the hope of increasing the effective supply, ie the eagerness of those registered as unemployed to take work of a less immediately attractive kind. But one does not need to belittle the importance of supply incentives to lay more stress on employers' demand in the present phase. A case for acting on the demand side—not by "reflation" but by adjusting the fiscal structure—is all the greater when raising tax thresholds is of dubious effectiveness as a means of alleviating the poverty and unemployment traps.

The question then arises: which business taxes are worst for jobs? In a study of *The Comparative Burden of Business Taxation*, J. Kay and J. Sen of the Institute of Fiscal Studies, identify taxes on capital with taxes such as the UK corporation tax (exclusive of ACT) and non-domestic rates. Taxes on labour are all payroll-related contributions, whether for national insurance or for private occupational pension schemes.

There have been heavy increases in payroll taxes in both the U.S. and the UK. The proportion of British tax revenue raised from payrolls has doubled since 1965. On the other hand, by international standards, British labour taxes are still fairly modest: 17½ per cent, compared with 40 per cent in France. The crucial issue is whether payroll taxes are absorbed by wages being lower than they otherwise would be, or whether they are an additional cost in hiring workers.

In countries such as France or Italy, where payroll taxes have long been very high, it is probable that labour markets have already adjusted and wages are correspondingly lower. In Britain, where payroll taxes have recently increased sharply and where wages are notoriously rigid in the face of economic pressures, payroll taxes have almost certainly acted as a levy on employment. A substantial fall in sterling would do more than any direct fiscal measure to offset this and reduce British labour costs in international markets, although at some inflationary price. But unless that happens the abolition of the National Insurance surcharge and similar taxes should be a top priority in future British Budgets.

TRENDS IN TAXATION, % RAISED

		1965	1970	1975	1980
France	— Labour	36	33	36	40
	Capital	6.4	8.1	8.6	10.5
Germany	— Labour	16	18	22	23
	Capital	9.0	7.3	7.3	9.7
Italy	— Labour	34	38	40	35
	Capital	5.4	5.4	6.9	9.5
Japan	— Labour	7.9	9.2	10.2	12.5
	Capital	9.3	10.7	12.6	17.8
UK	— Labour	8.7	13.0	13.2	17.5
	Capital	10.7	19.2	10.1	9.2
U.S.	— Labour	9.4	11.3	15.2	18.5
	Capital	16.6	20.3	17.5	17.8

Source: IFS

Letters to the Editor

Spirit of enterprise?

From Mr Peter Fairley

Sir,—Whatever happened to the spirit of enterprise and *adventure? As far as this* Government is concerned, playing safe seems to be the watchword. Your article on the proposed Airbus Industries A-320 illustrates what I mean. Here we have a civil aircraft for which, it is admitted on all sides, there is a market from 1988 onwards to replace the fuel-thirsty aircraft now in service. We know that the French, who are no slouches when it comes to putting the National interest first, have given the go-ahead by placing 42 orders and 38 option orders for this so called unproven aircraft. And — and this ought to be an important consideration —the Chairman of British Aerospace says "If we don't get launching aid the Company will slide out of the large scale civil aviation business".

I believe that that is just what is planned. I do not believe that this Government wants to remain in the civil airliner industry any longer. All the signs are there.

Firstly, the procrastination about the supply of launch aid. Government would give the impression that British Aerospace is asking for £400m in one go. It isn't. The launch aid will be spread over the rest of the decade. Secondly, the delay because it was alleged that there was no suitable engine. Now the French and Americans have produced the CFM 56-4. That does not suit the Government. It would prefer the Rolls-Royce and Pratt & Whitney IAE 2500, which will be ready "soon".

By using the IAE 2500, Government can support Rolls-Royce, which would then have access to the American civil airliner market. No doubt Boeing would then go ahead with its rival to the A-320, the seven dash seven, fitted with Rolls-Royce engines.

Where does that leave British Aerospace? Out of the civil airliner market, but with capacity to develop the military aircraft side of the aircraft business. That is a much safer bet than employing capital on the more speculative civil side.

The lead given by British Caledonian in ordering a number of A-320s has caused embarrassment. British Airways has shown no inclination to order the new European aircraft. Instead, it will undoubtedly await the arrival of the new Boeing, with its IAE engines, and the home carrier market will be lost forever for British Aerospace.

Fine for the shareholders in the newly privatised British *Airways. Fine for the Govern*ment, which can get on with the military side of the aircraft business. But not so good for the employees in British Aerospace civil aircraft factories, or for the thousands engaged in supplying sub-contracted work.

Peter Fairley.
Gen. Secretary Aerospace
Association Engineers' and
Managers' Association
Station House,
Fox Lane North,
Chertsey, Surrey

Ethics of BP share issue

From Mr John Cartmel

Sir,—Like Mr Hoseason-Brown (November 1), I am a small investor who found the attitude of the Bank of England both infuriating and unaccept*able. Far from* having the grace to apologise for, at best, an elementary error of judgment, the Bank appears to have modelled itself either on Sergei in Arms and the Man ("I never apologise") or on the attitude of the Russians when they shot down the Korean airliner, or both.

Offers for sale by tender can perhaps be justified for speculative issues where it is almost impossible to determine a fair price, but this hardly applies to BP. I, and I hope many more investors, will join Mr Hoseason-Brown in giving a wide berth to any such future offerings. Judged by the subsequent price of the BP shares, it is by no means certain that the investors will be the losers.

John Cartmel.
44a, Victoria Road,
Penarth, South Glamorgan.

Happy with BP in the long term

From Mr Angus Dalgleish

Sir,—I have rarely read such a miserable, whingeing letter as that from Mr Hoseason-Brown (November 1). When he made his application for BP shares he must have known exactly what the risks were. As a "stag" he no doubt hoped for a quick in and out profit which has properly been denied him. Those of use who are genuine long term investors are happy with our striking price allocations.

Angus Dalgleish.
Shouson Hill,
Ruxbury Road,
Chertsey.

Retailing vs manufacturing

From Mr David Powell

Sir,—It was instructive to juxtapose the letter from your correspondent, Mr Robert Fairweather ("Investment in the retail industries," October 26), with your subsequent report of the Regional Studies Association's review of regional and urban aid programmes ("Changes needed in regional policy," October 27). While the former dismisses the value of subsidies to allow retailers "to open up yet more superstores where returns on investment would otherwise be unsatisfac*tory"; the latter argues forc*ibly that Government aid for service industries should be increased "substantially" to eliminate imbalances in the regional economy.

If Mr Fairweather allows that retailing (currently employing some 2.6m men and women) is an archetypal element within the service sector, then his views are at odds both with the RSA and the Government. In recent years successive administrations have stressed the importance of services to the future of the UK economy; not least, in recognition of the fact that the sector has done much to absorb the job losses incurred by manufacturing throughout the post-war years.

Indeed, services now employ 59 per cent of the UK workforce, compared with 47 per cent in 1959, as against figures of 29 per cent and 38 per cent for the manufacturing sector. Superficially, it may seem that such figures balance out. In fact, they do not; the shift favouring the south and south east at the expense of Britain's traditional manufacturing centres.

This is not to question the importance of manufacturing. On the contrary, it must remain a priority of government. Nonetheless, the current discrimination against services (which only received 0.9 per cent of regional aid in 1982-83) in favour of manufacturing directly contradicts the structural shift that is taking place in the UK economy and, consequently, further penalises Britain's traditional, heavy manufacturing regions which must receive a higher proportion of service investment if their present decline is to be reversed.

And in this context, the distributive sector has an important part to play by channelling funds and, thus, generating new employment opportunities in such regions—a point which Mr Fairweather scorns. In dismissing the distributive industry's pursuit of efficiency (and by implication, the accepted role it has played in combating inflation) via the development of large stores, he *perpetuates* the myth that the sector has made a "substantial contribution to unemployment." The reverse, in fact, is the case.

In the seven years to June 1978 (the take-off period for the development of superstores) manufacturing employment fell by 9.67 per cent, and employment in the distributive trades increased by 6.3 per cent; while a major study for the Scottish Development Office into the employment impact of large stores concluded:

"We have been unable to find any evidence of significant adverse effects of superstores, several years after their opening, on the levels of employment or the structure of employment in the study areas. . . . All the evidence examined during the course of this study points to the development of superstores giving rise to a net increase in total retail employ*ment locally.*" ("Retail Employment Change in Scotland": The Scottish Office, December 1982.)

David Powell.
8, Albion Street,
Lewes, Sussex.

Stockbroker bashing

From Mr John Gordon

Sir,—Once again I notice that the Lex Column, lurking behind its usual anonymity, is indulging in its favourite sport of "broker bashing" on the grounds that the profits of the industry are excessively high. Perhaps he, or is it she, does not realise that the conditions of the last 18 months have been quite exceptional. Taking average earnings over a much longer period one could *probably apply the "Mars Bar"* test—if the price of the FT is usually twice the price of a Mars Bar then probably the average earnings of a partner in a stockbroking firm are twice the earnings of an FT compositor!

Incidentally, it was disappointing to see loyal readers of the FT being rewarded after the long strike by an increase in the price of the paper from 30p to 35p. Maybe we should be allowed to negotiate the price of your paper with the stationer. Possibly it might be issued at a deep discount to bulk buyers such as stockbrokers?

John Gordon.
The Old Maltings,
Newport.
Essex.

FINANCIAL TIMES

Thursday November 3 1983

SMALL BANKS HOLD BACK FROM SUBSCRIBING TO VITAL $6.5BN CREDIT

Slow response to Brazil's loan

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

SMALLER CREDITOR banks are waiting until the last moment before agreeing to Brazil's request for a $6.5bn loan to help to cover its balance of payments between now and the end of next year.

Subscriptions to the loan are still running at a trickle, although all the country's 830 creditor banks have been asked to make their commitments by November 10.

The loan is a crucial part of the $11bn rescue package being assembled by Western banks and governments to stave off a default on Brazil's $90bn foreign debt. It is an essential precondition for a resumption of badly needed International Monetary Fund (IMF) lending to cash-starved Brazil.

The slow response to the loan is beginning to generate twinges of unease among leading creditor banks, whose deep involvement with Brazil forces them to count on its eventual success. But senior bankers point out that there are a number of reasons why smaller banks have chosen to opt for a photo-finish.

The time allowed for syndication is very short – only one month compared with the two taken by Brazil to organise a smaller $4.4bn loan earlier this year. All creditor banks, including those with the largest commitments, need time to obtain approvals for the credit, which must normally be granted at board level.

Since the loan was launched, Brazil has twice altered its wages policy. Wage restraint is a key plank of its economic adjustment programme with the IMF. Many banks are waiting to see whether the changes are acceptable to the IMF before committing any money.

Yesterday Sr Affonso Pastore, Brazil's central bank governor, was meeting with the leading creditors in New York before travelling to Washington for further talks with the IMF. The talks could result in a new impetus for the loan in the closing week of syndication, bankers say.

Meanwhile, the 13-banks on the advisory committee of leading creditors, chaired by Citibank, are expected to make their commitments to the loan this week in an effort to set the ball rolling. They will be followed by about 40 other large creditor banks in the hope that this will encourage the laggard smaller banks.

The advisory committee has this week sent a telex to smaller creditors reminding them of the need for a speedy decision. But it is understood that they have not yet wheeled in their central banks to exert particular pressure on individual institutions which fail to respond.

● Inflation, accelerating out of the control of the Government, is threatening to demolish Brazil's latest IMF adjustment programme even before it is formally approved by the IMF board, writes Andrew Whitley in Rio de Janeiro.

The latest monthly statistics from the officially backed Getulio Vargas Foundation show that in the past year the general price index has leapt by nearly 200 per cent and the underlying trend is still strongly upwards.

In September, Brazil and an IMF field team agreed to use an average rate of inflation in 1983 of 152 per cent as the basis for calculating the all-important public sector deficit and money supply growth targets. This is now hopelessly outdated, government officials privately admit, as is the 1984 projection of an average of 90 per cent.

A technical-level mission from the IMF is due back in Brazil later this month, before the board meets on November 18 to consider the Brazilian programme. It is likely to find itself embroiled once again in last minute recalculations of domestic targets.

Figures from the Getulio Vargas Foundation, leaked yesterday in advance of their publication, reveal that in October the price index was up by 13.3 per cent, matching the record monthly figure recorded in July. Wholesale prices were up by 15 per cent during the month and are running at an annual rate of 250 per cent.

The severity of the problem for the Figueiredo Government, deeply concerned over social unrest, is underlined by the fact that food prices, which represent nearly two thirds of the family budget of the poorest classes in Brazil, have shot up by 240 per cent over the past year. Average wages for those in full-time employment have increased by only half that amount.

Reagan orders cuts in budget plans

By Stewart Fleming in Washington

PRESIDENT Ronald Reagan has sent back to his Cabinet officers their initial spending plans for the 1985 budget, ordering them to trim their proposals, which otherwise would have burst through the spending limits the Administration projected earlier this year.

The President's decision has been interpreted as reflecting Mr Reagan's genuine dismay that his officials have begun to erode the budget savings sought by the Administration.

However, the White House is anxious to polish its image of fiscal conservatism at a time when not only the Congress, but also the general public, are becoming increasingly concerned about the threat of soaring budget deficits to the economy.

Privately, officials concede that the President may not have realised the potential problems which could now arise. In order to trim their projected spending, some departments may have to take a closer look at outlays for programmes deemed by the Administration to be political priorities.

In health and social security, for example, the President's call for cuts would imply a reduction in spending to below the levels he has just approved in signing the fiscal 1984 Appropriations Bill.

It is conceded, too, that in order to cut the 1985 budget plans, officials will have to resubmit spending cuts which Congress has already rejected.

The White House believes this will serve to underline in an election year the President's commitment to reduce deficits, while tending to shift responsibility for the deficits to Congress.

According to Administration officials, the initial 1985 proposals which President Reagan has rejected would have called for outlays of $948bn, compared with projections released in July this year of $918bn.

Commenting on the budget outlook, Mr Martin Feldstein, chairman of the President's Council of Economic Advisers, said he still thought there was a chance that significant steps could be taken this year.

"I sense a very strong concern about the deficit coming out of the debate on the debt ceiling," he said. "Deficits around the $200bn level or higher for the rest of the decade – that is unthinkable".

He stressed that his preference was for action to be taken sooner, rather than later. Already, he suggested, the deficits were a factor in the soaring U.S. trade deficit.

"Looking ahead, there will be more crowding-out on the domestic side," he said. If action was not taken now, it would not be "prudent" from an economic policy standpoint to try to push through in 1985 or 1986 deficit reduction programmes around the $90bn level, which are now being considered. Such cuts "would tend to depress the level of economic activity then."

Separately yesterday, the U.S. Treasury announced that it was postponing the rest of its $16bn quarterly refunding programme – the first tranche of which had been put off on Tuesday, because of the Senate's failure on Monday night to raise the limit on the volume of government debt which can be outstanding.

Third-quarter upturn, Page 23

THE LEX COLUMN

Smoking out the Eagle

In the eyes of Eagle Star's beleaguered management, BAT Industries must look a grey knight on a dappled charger. Yesterday's bid had duly carved itself in to the record books, but will appear no more generous to Eagle Star for that. In the absence of BAT, a defence document would surely have been wheeled out this week boasting an asset value roughly 40 per cent above the offer which the Eagle Star board has just recommended.

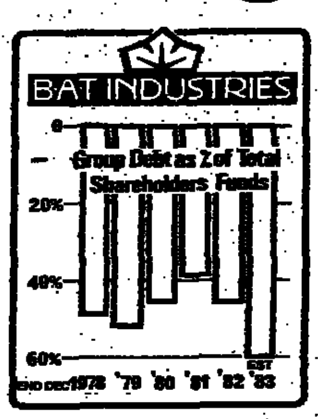
By insisting on a board recommendation as a condition of its bid, BAT neatly put the insurance company on the spot. The strong response to the Allianz dawn raid last month suggested that the German company might achieve its aim of effective, but not full, control, through one more market incursion at a price not too far distant from the present 500p per share Allianz offer. And that, from Eagle Star's point of view, would have been the worst of all possible worlds.

Yet, while BAT may have been canny in its tactics, it has yet to provide a satisfactory strategic explanation for the move. The group has made little secret of a desire to reduce its tobacco component to about 60 per cent of trading profits and 40 per cent of total assets. Last year the comparable figures were 73 and 48 per cent, so Eagle Star would put them on target almost at a stroke.

There is, however, still plenty of scope for BAT to expand its existing non-tobacco interests, which it has recently proved much more adept at managing. The fear of shareholders must be that, in seeking out a new area, BAT will repeat the errors of its earlier ways.

In financial terms, the cost, to BAT is not punitive. Gross debt, estimated at 60 per cent of net worth on a pro-forma basis should be back below 50 per cent within two years thanks to the cash flow from tobacco. But BAT may have to pay up to succeed. Having acquired 30 per cent of the company so cheaply, Allianz could well gamble that little will be lost by a bid at, say, 610p. That would put the Eagle Star board on the spot and might well wring a fractionally higher offer from BAT. In those circumstances, Allianz would net just about enough profit in sterling terms to take over a smaller UK composite insurance group.

Moreover, Eagle Star does not fit comfortably into the BAT portfolio of high added-value consumer products. Over the past three years, BAT has on average produced a



pre-tax return on shareholders' funds of 27.3 per cent, while – marking shareholders' investments up to market values – the comparable figure for Eagle Star is 15.8 per cent. BAT is now preparing to pay a substantial premium to those shareholders' funds for a business in which it has precious little expertise.

Eagle Star shares settled last night at 585p, only 2p above the BAT offer after making allowance for the interim dividend. The price is reflecting the balance of fears that the bids will be referred and hopes that someone will pay more. Although this offer looks to be in virtually no one's interests, and certainly not the publics, there are no competitive grounds for referring either bid.

Marks and Spencer

The onset of a consumer boom has in the past tended to erode Marks and Spencer's share in the total retail market. The extra marginal expenditure has tended to be directed towards the more volatile durable and electronic goods in which Marks's exposure is, by policy, low. Yet the current spending boom shows no signs of denting the company's gains in market share, with UK sales in the half year to October up by 14.3 per cent against a national trend of about 9½ per cent. In its main merchandise areas, clothing and foods, the company continues to run rampant over its rivals, with volume gains of 11 per cent and 15 per cent respectively.

In food over the last couple of years, Marks has successfully opened up what is virtually a new market – up-market convenience foods. Whereas in the U.S. fast food restaurant service has seen particularly rapid growth, the welcome which consumers have given to Marks-style convenience foods seems, at least in part, to be this country's response to similar economic and social pressures. Indeed, Marks's convenience foods are now even being served in restaurants. With a cold distribution system far superior to that of any of its rivals, Marks is likely to be unchallengeable in this field for some time.

Overall, the company has edged gross margins higher, and with wage costs up in this period by about 14 per cent, net margins have improved further. Pre-tax profits, of £105.6m, are up by 16.3 per cent stripping out centenary celebration costs and capital gains, and the full year outcome should be in the region of £280m, against £239.3m. The shares slipped 5p yesterday to 206p, where the prospective p/e is about 17, on a 44 per cent tax charge.

Krupp Stahl/Thyssen

The collapse of the Thyssen/Krupp Stahl merger plan caused little surprise yesterday in the German markets. Most bankers in Frankfurt were either involved with the consortium put together by the Bundesbank to rescue Schröder Münchmeyer Hengst or else were busy speculating about the source of that bank's problems. Those who did note Thyssen's final rejection of the latest steel merger terms were left to wonder what, if any, inducement from the Federal government might have been enough to clinch the deal.

Thyssen actually made a small profit on its steel operations last year and has long shown interest in Krupp's specialist steels division. The government's offer of DM2bn in toto was apparently just not enough to counter the burden on its balance sheet of Krupp's DM 2.7bn of debt – or perhaps Krupp's rolled product losses looked too daunting to Thyssen in the light of its own trading position this year.

Either way, though, 14 months have been spent on the aborted merger talks – and this must have put paid to Krupp's other idea, formally mooted early in 1982, of a merger with Hoesch. Any suggestion that that might have been Thyssen's intention all along probably overestimates the subtlety of the German steel companies' strategic thinking in their present stricken circumstances.

French get 10% stake in Olivetti

Continued from Page 1

vetti, both stressed the importance of the accord for joint European collaboration in electronics.

M Pebereau placed the joint typewriter venture in the wider context of the growing convergence between telecommunications and office equipment technologies. The venture will be owned 51 per cent by Alcatel and 49 per cent by Olivetti.

The prospective plant, expected to produce 100,000 machines per year and provide several hundred jobs, was welcomed by the French Industry Ministry yesterday as helping to balance France's unfavourable trade account in office equipment.

M Pebereau put the investment cost to his company of the new commercial network at about FFr 400m over five years. It will help to fill a gap in CIT-Alcatel's office automation activities. Its U.S. and UK subsidiaries, Friden and Roneo, have been losing money, partly because of a lack of suitable products to commercialise.

The implications of the deal for European electronics collaboration were yesterday partly overshadowed by speculation about how the agreement fits in with the two groups' longer-term strategies for additional international links in telecommunications.

Olivetti has been in contact with several international groups – including American Telephone and Telegraph (AT & T) – to find possible buyers for the shares, now waiting to find firm homes after the cut in France's stake. Some of these shares will be placed temporarily with financial institutions.

At the same time, CIT-Alcatel is searching for foreign alliances in public digital switching networks. This follows its agreement with the Thomson group to take overall command of France's telecommunications efforts.

Both chairmen emphasised yesterday that the deal leaves each company free to follow independent policies in other areas. CIT-Alcatel has taken the precaution of securing guarantees covering the price at which it should sell its Olivetti stake, in the event that the Italian company signed another international pact – for instance, with AT & T – prejudicial to the French group's interest.

Both Olivetti and CIT-Alcatel are continuing to seek further international links in telecommunications.

Gulf chairman launches attack on Mesa reshuffle proposals

BY WILLIAM HALL IN NEW YORK

GULF OIL, the U.S. oil giant which is under attack from a group of dissident shareholders led by Mesa Petroleum, says that Mesa's plans to reorganise the company would be "operationally devastating."

Mr James E. Lee, Gulf's chairman, told a closed meeting of U.S. investment analysts in New York on Tuesday that his company would oppose "anyone who would try to cannibalise this corporation."

Mesa Petroleum, headed by Mr T. Boone Pickens, is opposing Gulf's plans to reorganise itself into a Delaware holding company and instead is proposing that Gulf shareholders would get better value for their shares if Gulf agreed to spin off control of some of its oil-producing properties into royalty trusts, where the benefit flows directly to the individual shareholder.

Yesterday, Mesa fired its first salvo in what promises to be one of the biggest proxy battles in U.S. corporate history by taking out full-page advertisements in U.S. newspapers to explain why it opposed Gulf Oil's plans.

"In our opinion, this move has serious consequences for all Gulf shareholders. Should the proposal be approved, certain existing shareholders' rights will be eliminated," says the Mesa investment group, which has spent nearly $800m on purchasing a 10.8 per cent stake in the company that makes it the biggest individual shareholder group.

Mesa is expected to send out more detailed explanation of its opposition to Gulf Oil's reorganisation plans within the next few days.

Mesa is a fraction of the size of Gulf Oil, one of the pillars of the U.S. business establishment, and Mr Lee's remarks to industry analysts on Tuesday are the start of an intensive behind-the-scenes lobbying campaign to rally institutional support for Gulf, whose performance in recent years has been dull.

The Tuesday meeting was closed to the press, and Mr Lee's remarks were reported by Gulf public relations officials present at the meeting.

Mr Lee said: "We recognise that we are in a fight. We did not ask for it but we do not intend to lose it."

Mesa's Mr T. Boone Pickens has built a reputation as a shrewd investor in undervalued oil stocks, and his stock market activities have netted his company close to $160m in profits at a time when his basic oil business has not been particularly profitable.

His basic argument is that Gulf shares are worth more than twice their current market value if the company is to be split up.

German bank rescue

Continued from Page 1

was also covered by the rescue operation.

The need to shore up the bank has come as a shock to the West German business community – it was long regarded as among the elite of small credit institutions. It was formed in 1969 by a merger of three banks all dating back before 1850.

With assets of DM 2.2bn, the bank has operated as a limited partnership.

Banking circles indicated that at least 10 banks were involved in the rescue, including Deutsche Bank and Dresdner Bank. There were also a number of small co-operative banks. The Commerzbank is not involved and said that it had not had credit dealings with the bank for some time.

● Ian Rodgers adds from London: Rumours that IBH was in financial difficulty were thought to be behind the sharp declines in the share prices in London of Babcock International and Powell Duffryn.

Shares of Babcock, which has a 10 per cent stake in IBH with a book value of £19m, fell 17p to 131p, before recovering to 140p at the close. Shares of Powell, which has a 13 per cent stake in IBH valued in its books at £14m, dropped 23p to 225p before recovering to 236p.

Mr B. J. Knightley, finance director of Babcock, said the company would not take up any new IBH equity.

American Brands buys life insurance group

BY PAUL TAYLOR IN NEW YORK

AMERICAN BRANDS, the fourth largest U.S. cigarette manufacturer, said yesterday that it had agreed to acquire Southland Life Insurance, a major life insurer in the Sun Belt, for $352m.

The acquisition, the second major life insurance company purchase by American Brands, marks a further step in the tobacco group's rapid diversification strategy.

American Brands already owns Franklin Life Insurance, which it acquired in 1979. Since then, its diversification strategy has also led to the acquisition of Ofrex, the UK-based stapler producer, and most recently to the acquisition earlier this year of Pinkerton's, the U.S. detective agency for $160m.

Mr Edward Whittemore, chairman and chief executive of American Brands, said yesterday that the company had agreed to buy Southland Life Insurance, the 46th largest U.S. life insurance group, from Southland Financial, the diversified financial services group.

The deal, which is subject to regulatory and shareholder approval, should be completed following Southland Financial's shareholder meeting next month.

Southland Life Insurance, based in Dallas, has $8.7bn of insurance policies in force, mainly in the southern half of the U.S. It has particular expertise in the writing of group policies, unlike Franklin, which has $18bn of policies in force, but which has specialised individual policies.

The acquisition is therefore regarded by American Brands as a natural extension of its financial services operations. American Brands said yesterday that following completion of the deal, Southland Life would continue to be run as a separate company.

BAT launches £796m bid for Eagle Star

Continued from Page 1

Sir Denis Mountain, who is the grandson of the founder of the group, said yesterday that Allianz's large minority shareholding had an inhibiting effect on Eagle Star's operations and that the BAT bid would get rid of this large shareholder.

He said that the managements of Eagle Star and BAT were compatible and the insurer's plans to develop in to the financial service fields were similar to the objectives of BAT.

Once the bid goes through, Sir Denis and Mr David Jessel of Eagle Star will join the board of BAT while Mr Sheehy and Mr Brian Garraway of BAT will join the insurer's board.

Under the terms of the bid, which is 15 per cent higher than Allianz's offer, BAT will offer shareholders an alternative to the cash offer "comprising quoted debt instruments, subject to the aggregate nominal amount of such debt not exceeding £600m."

BAT is advised by Lazard Brothers in its takeover bid for Eagle Star.

BAT INDUSTRIES' PRINCIPAL ACQUISITIONS

1965	Lentheric	cosmetics	UK
1966	Morny	cosmetics	UK
	Henri Wintermans	cigars	Netherlands
1967	Yardley	cosmetics	UK
1968	Germaine Monteil	cosmetics	France
1970	Wiggins Teape	paper	UK
1971	Horten (Minority Holding)	department stores	W. Germany
	Papeteries de Montevrain	paper	France
1972	Kohls	supermarkets	U.S.
	International Stores	supermarkets	UK
1973	Gimbels/Saks Fifth Avenue	department stores	U.S.
1974	Cyclax	cosmetics	U.S.
1977	Juvena	cosmetics	Switzerland
	Lorillard (Overseas business)	cigarettes	U.S.
1978	Appleton Papers	paper	U.S.
	Pegulan	home improvements	W. Germany
1979	Argos	retailing	UK
	MacMarket	supermarkets	UK
	Mardon Packaging International	packaging	UK
	Hüppe	home improvements	W. Germany
1982	Marshall Field & Co	department stores	U.S.
	Carven	cosmetics	France
1983	Grès	cosmetics	France

BRITAIN'S BIGGEST BIDS

Year	Bidder	Target company	Cash value £	Adjusted for inflation £
1983	BTR	T. Tilling	660m	671.2m
1980	BP	Selection Trust	390.39m*	502.4m
1973	Grand Met	Watney Mann	378.27m*	1.37bn
1982	Paternoster Stores	F. W. Woolworth	310.4m*	329m
1983	Hanson Trust	UDS	260m	265.5m
1973	Imperial Group	Courage	257.7m*	935.7m
1980	Marsh & McLennan	C. T. Bowring	186.5m*	240m
1980	Thorn	EMI	148.2m*	190.9m

*Value of equity not already owned by bidder.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	C	16	61	Dubrovnik	S	24	75	Malaga	F	21	70	Salzburg	S	13	55
Akrotiri	S	27	81	Faro	C	20	68	Malta	-	—	—	Seoul	S	16	61
Algiers	C	19	66	Florence	F	18	64	Manila	S	33	91	Singapore	R	32	90
Amsterdam	S	15	59	Frankfurt	C	11	52	Miami	S	28	82	Stockholm	S	8	46
Athens	F	22	72	Funchal	F	22	72	Milan	S	14	57	Strasbourg	S	12	54
Bahrain	S	27	81	Geneva	F	9	48	Moscow	R	7	45	Sydney	R	20	68
Bangkok	C	32	90	Gibraltar	C	19	66	Munich	S	11	52	Taipei	S	25	77
Barcelona	S	18	64	Guernsey	D	12	54	Nairobi	-	—	—	Tangier	C	21	70
Beirut	S	27	81	Helsinki	F	6	43	Naples	F	18	64	Tehran	-	—	—
Belgrade	S	13	55	H. Kong	S	25	77	New Delhi	S	29	84	Tel Aviv	-	—	—
Berlin	C	13	55	Innsbruck	S	9	48	New York	S	8	46	Tenerife	C	24	75
Biarritz	S	15	59	Inverness	C	7	45	Nice	S	20	68	Tokyo	S	19	66
Blackpool	C	12	54	Istanbul	S	18	64	Oporto	C	20	68	Toronto	C	17	63
Bordeaux	C	14	57	Jersey	C	12	54	Oslo	S	10	50	Tunis	F	17	63
Brussels	C	15	59	Jo'burg	R	24	75	Paris	C	13	55	Valencia	F	18	64
Budapest	S	13	55	Las Palmas	F	24	75	Prague	C	12	54	Venice	S	16	61
B. Aires	S	21	70	Lima	S	22	72	Reykjavik	C	0	32	Vienna	S	13	55
Cairo	C	29	84	Lisbon	S	24	75	Rio de J'o	C	34	93	Warsaw	S	11	52
Cape Town	-	—	—	Locarno	S	14	57	Rome	C	17	63	Zurich	S	10	50
Caracas	-	—	—	London	D	15	59								
Casablanca	F	25	77	Los Angeles	S	15	59								
Copenhagen	S	11	52	Luxembourg	C	12	54								
Corfu	S	22	72	Madrid	S	15	59								
Dublin	C	14	57	Majorca	S	20	68								

Readings at mid-day yesterday:

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Thursday November 3 1983

Occidental drops plan to sell Permian

By Our New York Staff

OCCIDENTAL Petroleum has dropped plans to sell its Permian oil transportation business to the Canadian First City Financial Corporation, controlled by the Belzberg family.

In a brief statement, Occidental and First City Financial Corp jointly announced late on Tuesday the termination by mutual consent, of their previous agreement in principle for the purchase of substantially all of the assets of Permian.

In mid-September, First City Financial had agreed to pay more than $400m for Permian which operates 5,200 miles of crude oil pipelines, a fleet of 600 tanker trucks and has storage facilities for 5.3m barrels of oil.

The planned acquisition of Permian by First City Financial had caused some surprise when first announced since the group is primarily an integrated financial services group and is not well known in the oil world.

Neither Occidental nor First City Financial would elaborate on the reason for the break-down of the takeover talks.

Rohr in talks on aero-engine parts project

By Michael Donne in London

ROHR INDUSTRIES, the California-based aerospace manufacturing concern, has opened discussions with UK and other European companies on the creation of an international consortium to make the components for the new V-2500 aero-engine, plans for which were announced on Monday.

This was disclosed by Mr Harry Todd, the chief executive of Rohrs, last night, on the eve of its taking a listing on the London Stock Exchange.

The V-2500 is destined for the forthcoming new generation of 150-seat airliners and will be built by Rolls-Royce, Pratt & Whitney, Japanese Aero-Engine Corporation, MTU of West Germany and Fiat Aviazione of Italy.

Kaiser Steel makes third-quarter revival with $5.7m profit

BY TERRY DODSWORTH IN NEW YORK

KAISER STEEL, the California-based steel producer, reported third-quarter net earnings of $5.7m or 77 cents a share against a restated net loss of $22.9m or $3.17 a share in the same period last year.

The company is in the process of being sold to an investment group led by Mr Joseph Frates of Tulsa, Oklahoma, in a tangled $374m takeover battle which is still the subject of litigation.

If it were still continuing on an independent basis it would be taking a charge of between $425m and $450m against the cost of closing its Fontana steelmaking facility, the company said.

The third-quarter figures were struck after taking stock profits of $39.4m. Sales slipped to $164.8m from $166.9m, despite a 39 per cent increase in steel shipments from 200,000 tons to 278,000 tons.

For the first nine-months, the net loss was $11.8m ($1.68 a share) after income of $63.4m from inventory reduction programmes, against a net loss of $7.1m ($1.04 a share) last time.

Kaiser says that the proposed charges against the Fontana closure would have been accompanied by a balance sheet adjustment under the official "quasi reorganisation" procedures. This would have shown the assets of the continuing business at substantially above their present book value, and well in excess of liabilities.

Similar procedures will be followed by the Frates group if the acquisition goes through, the company said.

Otis expansion with Taiwan joint venture

BY PAUL TAYLOR IN NEW YORK

UNITED TECHNOLOGIES, the U.S. conglomerate, said yesterday that its Otis elevator subsidiary was forming a joint venture in Taiwan with Tatung to manufacture and market Otis products for local sale and export.

The joint venture marks the latest in a series of moves by Otis to expand its market share in the Far East. The company, the world's largest lift and escalator manufacturer, already has a number of manufacturing plants in the region together with joint ventures in Japan, South Korea, the Philippines and China.

United Technologies said the new joint venture, to be called Tatung Otis Elevator, will manufacture, market and service Otis products in Taiwan, and export elevators, escalators and components to Otis with the manufacturing and marketing capabilities of Tatung.

Terms of the agreement were not disclosed. However, it is understood that the deal is designed to enhance further Otis's presence in the region, one of the fastest growing markets for Otis products in the world.

Last year, Otis had sales of more than $1.9bn.

Pharmacia prices U.S. shares

BY DAVID BROWN IN STOCKHOLM

PHARMACIA, the Swedish pharmaceuticals and bio-technology group, has set the price on a new U.S. issue of up to 2.2m shares expected to raise some $48.5m.

The price, $22 per American Depository Receipt (ADR), is below the original $24.50 at which the ADRs were traded on the over the counter market before release of nine-month figures.

These showed narrower profit margins and slower sales which were attributed to high research and development spending and seasonal fluctuations. Pre-tax profits for the period declined 59 per cent to SKr 336m ($43.1m).

Texas oil group in pipeline purchase

By William Hall in New York

TEXAS OIL and Gas (TXO), one of the biggest independent producers of oil and natural gas in the U.S., is linking up with Midcon Corporation, a Chicago-based pipeline company, to purchase several hundred miles of natural gas pipeline for $200m.

The deal is the second venture between the two companies this week. On Monday, TXO announced that it had agreed to sell up to 150m cubic feet of natural gas per day to Midcon. In common with many natural producers, TXO is suffering from the glut of natural gas in the U.S. and the Midcon deal will provide it with new markets for its gas.

The joint acquisition covers the purchase of seven subsidiaries of Tatham pipeline company of Houston consisting of various intrastate and interstate pipelines and some, but not all, contracts owned by the Tatham subsidiaries for the purchase and sale of gas to various customers, primarily in Louisiana. TXO will supply some of the gas to the newly acquired pipelines.

The two companies say that the long-term potential of the acquisition is substantial. It will permit both companies to enter the industrial gas market in Louisiana.

The companies say their objective is to obtain lower cost supplies of gas

Third-quarter decline for Halliburton

By Our New York Staff

HALLIBURTON, the major U.S. oil services company, reported third quarter net income down 22.5 per cent from $118.7m or 78 cents a share to $91.8m or $1.01 a share. Revenues fell 22 per cent to $1.41bn ($1.7bn).

At the nine-month stage earnings fell by 42 per cent, reflecting the sharp downturn in the U.S. oil services industry. They were $232m, or $1.97 a share, against $399m or $3.38 a share. Revenues fell 27 per cent from $5.7bn to $4.1bn.

U.S. BANKS EMERGE WITH A CLEAR PROFIT LEAD OVER MOST EUROPEAN RIVALS

Dodging obstacles to first place

BY DAVID LASCELLES, BANKING CORRESPONDENT, IN LONDON

U.S. BANK profits were among the most buoyant in the world last year, despite the less developed countries' (LDC) debt crisis and sharply fluctuating interest rates. Their performance is particularly striking when set against the French, Italian, Dutch and British banks where rates of return fell sharply. German and Japanese banks just about held their own.

These trends emerge in a study shortly to be published by IBCA, the London-based bank rating agency, which tries to measure real profitability by stripping the effect of inflation from the banks' reported profits.

IBCA says the figures are an "intelligent guide" rather than a precise measure, and points out that bank profits can be strongly influenced by their countries' monetary policies and bank supervision standards.

Thanks to the sharp fall in U.S. inflation, American banks enjoyed a real rate of return on their equity last year of nearly 10 per cent, by far the highest of any major country in the study and probably one of the best in recent U.S. banking history.

But IBCA says: "Given the high exposure of many U.S. banks to troubled countries and recently announced large energy loan losses by some of the Texas banks, it is hard to argue that they do not need all the profits they can get."

In fact, a cautionary tale lurks in IBCA's league of the most profitable banks in the world in 1982. Placed seventh out of 152 is Interfirst, the Texas bank which last month reported a quarterly loss of $194m, the largest ever in the U.S., because of energy loan trouble.

By contrast, French, Swedish and German banks had a negative return on their equity. In France, banks had low lending margins because of government-imposed interest rates controls and high loan loss provisions. The Germans also had to set aside a big portion of what would otherwise have been good profits to cover bad loans. IBCA says that for technical reasons, the figures probably understate the profitability of Swedish banks.

The U.S. banks were also among the few which emerged from 1982 with a stronger capital base. Others were the Italians, the Swedes, the Canadians and the Germans. Biggest drops in capital ratios (the proportion of equity to total assets) were registered by the British and Spanish banks.

In absolute terms, the French (government-owned) banks remain the most thinly capitalised: each unit of equity supports over 50 of assets, making them what IBCA describes "woefully undercapitalised". By contrast the Swiss banks have a gearing of only one to 17 and remained the most strongly capitalised banks in the study.

IBCA's profitability league shows the Saudis well ahead. But among the major industrial countries, the U.S. banks do well (again partly because of Texas) with J.P. Morgan and Bankers Trust among the top 13. Three of the four British clearers make the top three dozen (Nat West at 18, Lloyds at 31, and Barclays – which used to be called the world's most profitable bank – at 36).

The large Japanese banks feature mostly in the middle of the league, and the large Germans, Italians and French towards the bottom half.

BANK RATES OF RETURN (%) IN 1982

	Return on assets	Equity/ assets	Return on equity	Change in consumer prices
Belgium	0.25	2.25	10.80	8.1
France	0.05	1.90	5.12	9.7
Italy	0.66	2.93	22.57	16.1
Netherlands	0.27	2.84	9.39	4.3
Sweden	0.28	5.12	5.13	9.6
UK	0.67	4.96	12.98	5.4
Canada	0.42	3.55	11.74	10.0
Germany	0.09	2.28	4.11	4.6
Japan (city banks)	0.19	2.30	8.06	2.4
Spain	0.72	4.89	13.25	14.0
Switzerland	0.38	5.92	6.39	5.5
U.S.	0.55	4.17	13.13	3.9

Source: IBCA

Losses at Italian car maker

By James Buxton in Rome

NUOVA INNOCENTI, Italy's smallest car manufacturer after Fiat and Alfa Romeo, expects its third substantial loss in succession this year, according to Sig Alejandro de Tomaso, managing director.

The company, which makes small cars and used to produce the BL Mini under licence, has sold only 9,750 vehicles in the first nine months of this year, compared with 15,650 in the same nine months of 1982. Revenue, however, rose during the period from L105bn to L133bn ($82.8m) and a higher proportion of the cars was exported.

In 1982, Nuova Innocenti lost L12bn and losses amounted to L22bn. The company is controlled by the U.S.-registered holding company of Sig de Tomaso, De Tomaso Industries. An Italian state-controlled finance company, GEPI, has a minority stake.

Grumman earnings and sales rise

BY PAUL TAYLOR IN NEW YORK

GRUMMAN, the U.S. military aircraft manufacturer, has increased third-quarter and nine-month earnings due mainly to improved performance following the sale of its loss-making Flxible bus operations coupled with higher sales and lower interest costs.

Net earnings of $29m or 98 cents a share in the latest quarter on sales of $578.7m compared with net earnings of $16.3m or 60 cents a share in the 1982 period on sales of $499.1m.

The 1982 quarter included an after tax loss of $6.4m related to the discontinued operations of Flxible, which the company sold for $40m earlier this year to General Automotive Corporation. Income from continued operations totalled $22.76m or 84 cents a share.

Grumman attributed the latest results to "the improved performance of Grumman Data Systems, substantially lower interest costs and – most significantly – the absence of operating losses" at Flxible. Nine-month net earnings of $77.96m or $2.71 a share compared with earnings from continued operations of $64.7m or $2.41 a share in the same period last year.

In the 1982 period a $28.2m loss from discontinued operations and a $5.4m loss on disposal partly offset by a $7.1m tax credit gain made a final net of $38.18m or $1.43 a share.

Grumman's aerospace sales increased by about $152m or 11 per cent in the first nine months of the year with the F-14, EA-6B and EF-111A programmes responsible for most of the increase. Operating profits on aerospace were, however, adversely affected by a $8.4m charge against earnings on a Boeing commercial aircraft subcontract.

ITALIAN CAR INDUSTRY TAKES A RADICAL LEAP FORWARD

Robot revolution at Alfa Romeo

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN NAPLES

COMMUNIST PARTY posters still are prominently displayed above the machinery in all areas of Alfa Romeo's Pomigliano car plant near Naples. At the moment there are also notices proclaiming that the Communist Party of Italy will fight at all levels the changes the state-owned company intends to make there.

The Pomigliano management is unconcerned about the current upsurge of in-plant political activity, pointing out that it was to be expected during the run-up to local elections in Naples.

But there has been a revolution inside the plant. Pomigliano has been transformed by the installation of robots and other advanced automation.

Although Pomigliano was completed as recently as 1972, Alfa Romeo found it necessary to bring it up to date last year. The company aimed to improve quality and productivity radically when preparing Pomigliano for the production of a new saloon, the Alfa 33, launched this summer.

Capital investment at the plant totalled L197bn ($122.7m) last year and a tour of the facility quickly reveals where the money has been spent.

There are innovations such as the completely automatic line for the production of major body pressings and a body-welding line with over 30 robots.

Alfa Romeo also found it necessary to change completely the layout of the engine and gearbox assembly sections, adding considerably to the level of automation but at the same time attempting to improve job satisfaction for the skilled workers and giving them far more direct responsibility for quality.

An example of this approach is seen in the engine assembly shop where "islands" with small teams of workers completing whole engines replace the former continuous line layout which strung out the task along 80 work stations.

Arrangements also had to be changed to accommodate production of the car being produced jointly with Nissan of Japan, called either the Arna or, with its Nissan badge, the Cherry Europe.

Among other things this called for complete renewal of the paint line, which is now largely automated and enclosed in a continuous tunnel. Like its bigger Italian rival Fiat, Alfa Romeo has also gone to extreme lengths to improve anti-corrosion treatment.

However, there has been no question of balancing the improvements in productivity brought about by increased automation with increased sales. So, helped by favourable changes throughout the Italian motor industry, Alfa Romeo has been able to cut its workforce by 6,000 to 28,000 since 1978, and last year 4,000 employees worked short-time while the company adjusted output to demand.

Alfa Romeo claims that productivity has climbed steadily from 4.6 cars a man year in 1978 to 7.9 in 1982 and it expects nine this year.

There are other signs of important changes in attitude among the workforce. At Pomigliano, absence through all causes, including illness or even army service, was 20 per cent in 1979. Today it is down to 14 to 15 per cent.

Next the group will turn its attention to its northern plant, at Arese, near Milan. Major alterations and the installation of highly automated equipment will pave the way for the plant to produce one new model a year.

A start will be made with the replacement for the Alfetta, due late next year or in early 1985. The model is significant for the Italian motor industry in that it will be based on key components jointly developed and produced by Alfa Romeo and Fiat. Fiat will use them in a Lancia Beta replacement and also for the successor to the Argenta.

The extent of the productivity improvements expected can be judged by the fact that Alfa Romeo is currently negotiating a further 7,300 lay-offs next year – 6,000 at Arese. Of the total, 3,800 would be permanent, the majority of them from Arese.

All this is part of an aggressive L2,000bn investment programme for 1982-90 with which Alfa Romeo intends to make a product-led recovery to profitability in a style distinctly reminiscent of BL's approach in Britain.

For the next two years at least the investment programme should be financed from the group's own resources, that is, from depreciation and the use of interest accrued from a special employees' retirement fund (together worth an annual L120-L200bn), plus borrowings.

Alfa Romeo expects to reduce its loss this year to around L40bn from last year's L72.8bn and, if its marketing plans go smoothly and European car market conditions permit, it hopes to break even in 1984 – or in 1985 at the latest. Then the company should make its first profit since 1973.

Alfa Romeo's car output next year is forecast to rise to 210,000 compared with 188,500 in 1982 and 190,000 to 200,000 this year.

The Pomigliano plant is expected to build 120,000 of that total, most of which will be Alfa 33s.

Output of the Arna/Cherry Europe models is forecast at 25,000-30,000 next year. Maximum production of the Arna/Cherry Europe will not be reached until 1985 because Alfa Romeo prefers to concentrate on the 33 for the time being.

The deal with Nissan will last 10 years. It includes a new car body after five years but is restricted by the Italian Government to a maximum of 60,000 cars a year, of which half will be sold by Alfa Romeo in Italy. Another 10,000 will go to the Nissan importer in Britain where the car was first launched in August – followed by the Continental introduction in Italy last week.

Assuming Alfa Romeo gets its marketing strategy right, Pomigliano in 1985 should be working at near its 180,000 capacity, producing 100,000 Alfa 33s, 60,000 Arnas and 20,000 Alfasud Sprints.

The Arese facility has a capacity of 120,000 cars a year spread over four models. Next year the alterations being made to the plant – plus the present drop in demand for the type of cars Arese produces – is expected to reduce output there to 85,000-90,000.

Share offer by Editoriale L'Espresso

By Our Rome Staff

ITALIAN INVESTORS are studying the prospectus of Editoriale L'Espresso, one of Italy's major newspaper and magazine publishing groups, which is offering 20 per cent of its shares on the Milan stock exchange.

The company controls not only the well known weekly magazine L'Espresso, but also 50 per cent of the Rome-based daily newspaper, La Repubblica, and several other newspapers and magazines. It also holds 11 per cent of Italy's second biggest TV network, Rete Quattro.

The 20 per cent stake in the company, which is being offered through a consortium of banks, consists of 1.125m shares with a nominal value of L1,000 being sold at a premium of L4,500. This would value the company at about L24bn ($15m). Last year the group had sales of L71.7bn and net profits of L2.7bn.

The company says that the share sale is being made to reduce debt, put at L3bn at the end of last year.

The largest shareholder in Editoriale L'Espresso is Sig Carlo Caracciolo, its chairman with 43.6 per cent of the equity, Sig Eugenio Scalfari, editor of La Repubblica, has 19.3 per cent, Sig Carlo de Benedetti, chairman and chief executive of Olivetti, has 13 per cent.

Recovery for MacMillan Bloedel

By Robert Gibbens in Montreal

ECONOMIC recovery in North America and strong timber markets brought MacMillan Bloedel, Canada's largest forest products group, back to profitability in the third quarter. The nine-month loss was greatly reduced and the company sees further recovery in the fourth quarter and in 1984.

In the third quarter, net income was C$600,000 (U.S.$487,000) against a loss of C$30m. In the first nine months there was a loss from operations of C$10.7m against a loss of C$56m a year earlier.

INTL. COMPANIES & FINANCE

Earnings almost doubled at PIA

By Mohammed Aftab in Islamabad

PAKISTAN INTERNATIONAL Airlines (PIA), the national flag carrier, made an after-tax profit of Rs 440m ($33.25m) in the year to June 30, an increase of 97 per cent over 1981-82. Revenues were 17.5 per cent higher at Rs 7.7bn.

Expenditures rose by 14.5 per cent mainly because of increased fuel costs. The advance in revenues came from the expansion and realignment of some routes, which resulted in higher fields.

PIA continued to make most of its profit on the Pakistan-Middle East and Gulf routes, which are used by nearly 2m workers and professionals. The airline is facing much tougher competition because of the increased capacity of other carriers on those routes.

PIA announced a dividend of 15 per cent.

Tiger Oats to maintain dividend despite drought

BY OUR JOHANNESBURG CORRESPONDENT

TIGER OATS, the major South African food group, fears that certain of its main divisions will be adversely affected by drought and economic conditions in the coming year.

In the year ended September 30, the group earned a pre-tax profit of R123.3m (US$105.6m) on a turnover of R1.94bn. In the preceding seven months to September 30 1982, turnover was R989m and pre-tax profits R63.9m. As the company has changed its financial year there is no year-to-year comparison.

Mr Rudi Frankel, the company chairman, says that the increase in turnover is not startling but is indicative of Tiger's management strength and its approach to the problems of the food industry. Not the least of these problems, Mr Frankel said, has been the drought and the resultant high cost of imports. The continuation of the drought is expected to keep raw material costs up well into next year, and Tiger may not be able to pass on cost increases to the consumer.

A total dividend of 140 cents is declared from earnings of 515 cents a share. In the preceeding seven months earnings were 226 cents and a total dividend of 67 cents was paid. The directors say that despite the expected continuation of drought related problems and the prospect of a higher expected tax rate in the 1983-84 year, the dividend is likely to be at least maintained.

Toncoro well ahead at midterm

BY OUR JOHANNESBURG CORRESPONDENT

TONGAAT-CORO (Toncoro), South Africa's largest brickmaker, benefited strongly from increased residential building in the six months to September 30 1983. First-half turnover rose to R154m ($132m) from R125m in the corresponding period of 1982 and the operating profits, before interest and tax, increased to R27.8m from R18.5m. In the full year to March 1983 turnover was R255m.

Toncoro's management attributes the advance in residential building activity to an increase in home loans from building societies and the entry of the commercial banks into the home loans market.

Three of the four brick factories which were closed earlier have been reopened, all of the company's factories have been on full output, and new production facilities are under construction.

An interim dividend has not been declared as Toncoro's parent company Tongaat-Hulett has made proposals to acquire all the shares in the brick company. Interim earnings were 56.5 cents a share against 40.9 cents in the corresponding six months of 1982. Last year an interim dividend of 11 cents was paid.

In the year to March 1983 earnings were 78.7 cents a share —and a dividend total of 34 cents was paid.

Major spending plans at Santos

BY MICHAEL THOMPSON NOEL IN SYDNEY

SANTOS, the Australian oil and gas producer, confirmed yesterday that it would spend more than A$200m (U.S.$184m) on 250 exploration wells in the Cooper-Eronanga basin, in Central Australia, over the next four years.

This will equal the number of wells drilled in the basin since exploration started 25 years ago, and will be Australia's biggest onshore exploration programme to date.

Dr John Armstrong, the company exploration manager, told an informal meeting of shareholders in Adelaide yesterday that exploration spending in the current year would be A$38m to A$40m, rising to A$60m to A$70m in 1984-85. "There may be a lot of oil and gas out there that we do not yet know about," an official said recently.

Santos almost doubled its interim net profit for the period to June 30, to A$18.9m.

● Bell Group, a Mr Robert Holmes a Court's Perth-based master company, said yesterday it had raised A$30.2m (U.S.$27.8m) with the sale of various assets owned by Associated Communications Corporation (ACC) of the UK, which Bell Group acquired last year. Mr Holmes a Court said yesterday the sales had realised an extraordinary pre-tax profit of A$10.4m.

ACC was formerly run by Lord Grade. Its Elstree television studios in London have been bought by the BBC. Bell Group has also disposed of the discount Jetsave Travel business, to British Caledonian Airways, and the Airport Park Hotel in Los Angeles to the Inkeepers group.

The formerly loss-making ACC is now making healthy profits.

● National Westminster Finance, a wholly-owned subsidiary of National Westminster Bank of the UK, lifted net profits by 25 per cent to A$6.8m (U.S.$5.8m) in the year to September 30. However, it was obliged to write-off A$10m worth of bad debts, compared with A$3.1m in the previous year. Net receivables rose by 5.4 per cent to A$634m.

Nippon Mining reduces first-half loss

BY OUR FINANCIAL STAFF

NIPPON MINING, the Japanese metal smelter and oil refining company, has reported a net loss of Y2.59bn (US$11m) for the six months to September. In the same period in 1982 the company had an unconsolidated loss of Y4.28bn.

At the pre-tax level the company's loss was also lower, at Y2.59bn against Y4.38bn previously. Sales were almost static at Y548bn and the company has passed its interim dividend.

For the full year to March, Nippon Mining is forecasting a net profit of Y3bn, slightly more than double last year's parent company result. Pre-tax profits, however, are seen as being down on last year's, at Y6bn against Y11.12bn. Sales are also forecast as falling to Y1,150bn from Y1,161bn. The company expects to maintain its term-end dividend at an unchanged Y4.

Good start for Japan's revamped OTC market

BY YOKO SHIBATA IN TOKYO

JAPAN's re-organised over-the-counter (OTC) share market, closely modelled on NASDAQ in the U.S., got off to a flying start this week with a rush of orders being phoned through the new brokerage house set up by a consortium of security companies to handle OTC shares.

The new market is designed to open up trading in the shares of the country's unlisted companies for investors willing to take the risk in the expectation of high returns. It will also make the raising of capital by the more promising companies easier. In particular the OTC market will cater for the wave of interest in the small high-tech and service industry companies whose considerable growth potential has attracted both foreign and domestic investors.

A series of major reforms of the existing OTC market, which had become virtually moribund, came into effect on Tuesday. Companies will now be able to raise money through the OTC provided they meet certain criteria. Listing conditions have been relaxed as have the dividend requirements and the number of years, previously two, required before a company could apply for an OTC listing.

Another element in the reform package has removed the limitation on brokers offering OTC stocks to clients. Investors are now to be asked to sign a waiver saying that they understand the risks they are taking by investing in this market.

To help both brokers and investors there will soon be a computer of OTC quoted companies, similar to NASDAQ's

The main feature of the restyled market is the introduction of an approval system for dealers in registered OTC stock. From November 1 the brokers association started accepting applications from those wishing to deal on this market. Nearly 300 applications including those from the 14 largest security houses, have been received so far. Dealing by these registered brokers is due to start from November 11.

OTC stocks to be handled by the big brokerage houses number 289 at present—a figure that is expected by some to reach between 400 and 500 within five years. However, a conservative quota system will restrict new listings to 10 up to next summer. On this basis only some 110 new companies will be listed on the OTC market by 1988.

The rush to trade in the OTC market has seen dealers swamped with demands for some of the most popular stocks. As many as 20 dealers could be required to handle the likes of Fukuda Denshi or Kaneko Seed. Most stocks will have four or five dealers handling them. So, despite repeated warnings by the Securities Exchange Council against excessive competition among the brokers for the right to handle some of the OTC stocks, the battle to grab an early lead in such dealing started right from the new market's first day.

The boom in the OTC market appears to have little to do with the grand designs worked out for it by the authorities and the brokers association. Their intention was to revamp the OTC market in order to attract investors back into equities—instead it seems that the big institutions are threatening to take a lions share of the new market.

According to Professor Hamada of Hokkaido University it is these institutions which have led to the stalemate on the existing two exchanges, limiting individual shareholdings to only 28 per cent of the total. He quotes the example of the purchase by JAFCO, a venture capital company set up by Nomura, which recently bought shares in Sord Computer at Y70,000 ($298) each. "What individual could afford to pay such a price" asks the professor.

● The index on the second section of the Tokyo exchange hit an all time high of 1,348 yesterday following a rise of 4.4 points from Tuesday's close. The rise was led by increases in the shares of Fuji Rebio, One Sokki and Sunrio. The recent strong upward move on the second section is attributed to a move of funds away from the inactive first section in the expectation that some of the better established companies on the OTC-market (sometimes called the third section of the exchange) will soon be able to satisfy the stricter listing requirements on the main exchanges

New board for BMF as loan outcry mounts

By Wong Sulong in Kuala Lumpur

BANK BUMIPUTRA, Malaysia's state-owned bank, has announced a new management to take over Bumiputra Malaysia Finance, its Hong Kong subsidiary, which got the bank into deep political and financial controversy because of its massive loans to now collapsed property companies.

Heading BMF as chairman is Dato Mushir Ariff, a Penang-based merchant, who is also on the bank's board of directors. He is assisted by Mr Wong Aun Phui, a leading housing developer and a business adviser to the bank, and two senior bank officers.

Between 1979 and last year, BMF is believed to have lent as much as U.S.$850m to property companies, including the Carrian and Eda groups, which are now under liquidation.

Bank Bumiputra has also confirmed that those involved in the BMF loan scandal have left the bank. They are Mr Lorrain Osman and Datuk Hashim Shamsudin, both former bank and BMF directors, as well as Dr Rais Saniman, head of the bank's international division. BMF's Hong Kong general manager, Mr Ibrahim Jaafar, has also resigned.

The bank has also announced a major management reshuffle within the bank with the appointment of two senior general managers and four general managers.

The outcry over the losses suffered by Bank Bumiputra in Hong Kong continues to mount in Malaysia, with the latest call for a public inquiry coming from Mr Ghafar Baba, and his son, Tamrin Ghafar, both prominent politicians in the ruling OMNU Party.

Mr Ghafar, who is chairman of Pegi, the largest shareholder in Dunlop Holdings of the UK, told parliament that the government should allow a full inquiry so that similar mistakes would not be made in future.

Mr Tamrin said the government could not expect parliament to give approval for the government to underwrite the bank's losses until the full facts are disclosed.

● Yamaha Motors of Japan and the government-owned Heavy Industries Corporation of Malaysia (HICOM) have signed an agreement to build Yamaha motorcycle engines in Malaysia, AP-DJ reports from Kuala Lumpur.

Jamil Jan, HICOM's chief executive, said the 61m ringgit ($26m) joint venture will be 49 per cent owned by Yamaha, 30 per cent by HICOM and 21 per cent by Hong Leong Industries. HICOM has an option to increase its stake to 51 per cent by 1990.

N. American Quarterlies

AMCA INTERNATIONAL

Nine months	1983 $	1982 $
Revenue	995m	1.08bn
Op. Profits	†10.3m	40.1m
Net per share	–	1.49

† Loss

ARMSTRONG WORLD INDUSTRIES

Third quarter	1983 $	1982 $
Revenue	370.4m	327.4m
Net profits	19.73m	9.27m
Net per share	0.80	0.37
Nine months		
Revenue	1.08bn	973.8m
Net profits	49.98m	16.37m
Net per share	2.01	0.65

CANADA DEVELOPMENT

Third quarter	1983 C$	1982 C$
Revenue	906.7m	959.4m
Net profits	†28.1m	†52.4m
Net per share	†1.09	†1.73
Nine months		
Revenue	2.87bn	2.90bn
Net profits	†73.9m	†102m
Net per share	†2.90	†3.61

† Loss

FOSTER WHEELER

Third quarter	1983 $	1982 $
Revenue	383.6m	440.6m
Net profits	10.9m	13.5m
Net per share	0.32	0.39
Nine months		
Revenue	1.11bn	1.18bn
Net profits	34.9m	41.8m
Net per share	1.03	1.22

MACMILLAN BLOEDEL

Third quarter	1983 $	1982 $
Revenue	487m	427m
Net profits	0.6m	†30m
Net per share	0.16	1.48
Nine months		
Revenue	1.52bn	1.4bn
Net profits	†10.7m	†56m
Net per share	†1.03	†2.95

† Loss

NALCO CHEMICAL

Third quarter	1983 $	1982 $
Revenue	166m	160m
Net profits	18.6m	17.5m
Net per share	0.47	0.44
Nine months		
Revenue	489m	485m
Net profits	53.5m	49.4m
Net per share	1.34	1.24

PUBLIC SERVICE OF NEW MEXICO

Third quarter	1983 $	1982 $
Revenue	107.2m	118.6m
Net profits	40.35m	35.24m
Net per share	1.03	0.97

STELCO

Third quarter	1983 C$	1982 C$
Revenue	529.9m	515.8m
Net profits	†4.7m	†17.5m
Net per share	–	–
Nine months		
Revenue	1.55bn	1.64bn
Net profits	†19.6m	†4.3m
Net per share	–	–

† Loss

TRAVELLERS

Third quarter	1983 $	1982 $
Revenue	3.1bn	2.9bn
Profits	79.7m	72.2m
Per share	0.95	0.88
Nine months		
Revenue	9.1bn	8.6bn
Profits	234.9m	210.9m
Per share	2.80	2.58

Grupo Alfa nears agreement with banks over debt restructuring

BY WILLIAM CHISLETT

INTERNATIONAL BANKS and Grupo Industrial Alfa, Mexico's largest, and troubled, private enterprise, look set to reach agreement over re-structuring $766m of the company's total $2.3bn external debt after more than a year of discussions.

"We are like two drowning men hanging on to one another and trying to save one another's lives," says a U.S. banker involved in the discussions. "We are now beginning to see the shore."

The broad outlines of Alfa's proposal have been put forward by an informal steering committee of Chase Manhattan, Citibank, Morgan Guaranty and Bank of America. It is being studied by over 50 other banks. The general feeling among bankers is that Alfa's proposal is probably the best deal they are going to get on how to resolve the complex issue of the $766m holding company debt.

The basic details are:

- Creditors will obtain 30 per cent of the common stock of Alfa, in return for capitalising $300m of their holding company debt.
- The rest of the debt, apart from $50m which could be converted into an additional 15 per cent of equity, would be split into several levels of senior and subordinated debt, paid back over 12 years.

There would be a five year grace period and an average interest accrual rate of 10 per cent for the first ten years and the London inter-bank offered rate (Libor) in years 11 to 12. This represents a concession for Alfa unless international interest rates (Libor is currently at ¾ per cent or so) climb steeply again.

- The banks' security, if default was to be declared, would be the stock of Alfa's four petro-chemical concerns, Polioles (a joint venture with BASF of West Germany), Petrocel (a joint venture with Hercofina of the U.S.), Nylon de Mexico and Fiqusa.

These four companies, along with Hylsa, Alfa's steel mill, are now the only profitable parts of Alfa's ailing industrial empire, which was once the flagship of the Mexican private sector. Alfa's other interests are in consumer and capital goods, paper and packaging, tourism and processed foods.

Default would be declared if Alfa paid less than 50 per cent of interest due in any one year in the first six years of the agreement or the company failed to pay 75 per cent of interest in any two consecutive years.

There are, however, still other details to be worked out, including a restructuring of Alfa's debt to the Mexican Government on similarly preferential terms. Alfa owes the nationalised Mexican banks some $300m, and also 12bn pesos to Banobras, the public works bank.

At the same time discussions have started to re-schedule the $777m foreign debt of Hylsa.

Alfa, which made a loss of 32.8bn pesos ($220m) in 1982 is on its knees and both sides are anxious to avoid court proceedings.

For the past 14 months, Alfa has been servicing less than 20 per cent of its total debt, and no capital repayments of borrowing or principal have been made since April 1982.

Alfa had over-extended itself on the back of foreign borrowing before last year's devaluation, and its problems have been compounded by the fierce recession in Mexico, which has caused most of its markets to slump.

The plan hinges on keeping Hylsa, which accounts for about 40 per cent of Alfa's assets and over 50 per cent of its current profits, in a healthy financial condition so that its earnings can be used to help service the debt of the non-productive holding company and steel mill's own debt.

For this reason, says Felipe Cortes, Alfa's vice-president for planning, part of Hylsa's rescheduling agreement must contain a scheme whereby the steel mill can continue to grow and to export more

Alfa has asked its creditor banks to make available about $400m in new money through re-investing in Hylsa the interest payments they receive. This would enable Alfa to finish its "1600 project" to boost production of flat steel from 1m tonnes to 1.6m tonnes.

Alfa's executives are deeply concerned about the effect of the government's steel pricing policy on Hylsa, which, they say, is "bleeding" the company.

Hylsa's last steel price rise was 55 per cent in February, which enabled it to recover some of the greatly increased costs resulting from last year's 100 per cent Mexican rate of inflation.

But the Government has authorised no new price increase since then, and Hylsa's cost-effectiveness is gradually being eroded again. While the prices of natural gas and electricity used in steel-making have increased by 168 per cent and 100 per cent respectively, this year, steel prices are lagging way behind a level of inflation running at 80 per cent.

"If we do not get a price rise soon it will have serious consequences on Hylsa," said Cortes.

Alfa has ben able to offset some of the losses from its declining domestic markets by exporting more. Its total exports in the first half of 1983 were $79.8m, compared with $47.3m in 1982, many times better than the 5 per cent increase in non-oil exports for the country as a whole in the same period.

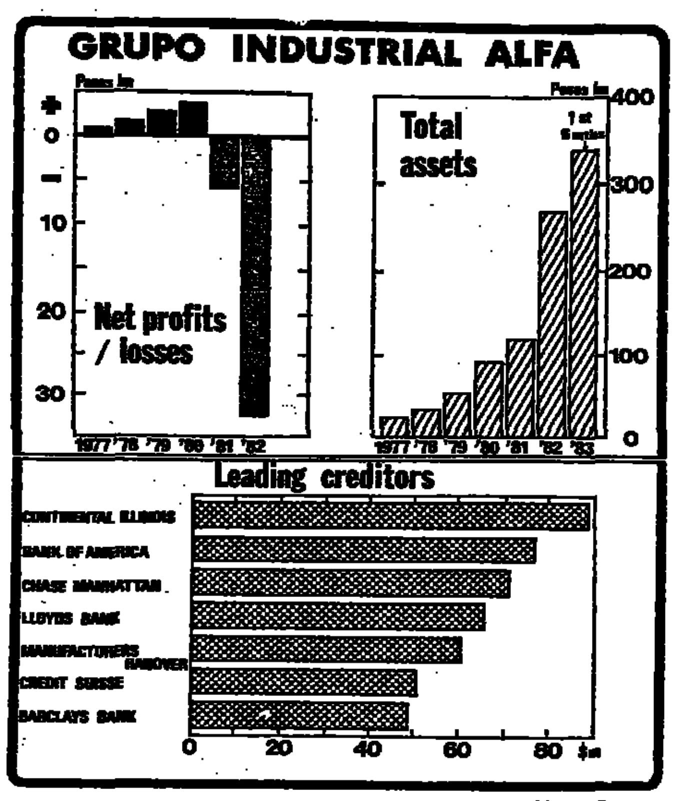
It has also achieved greater employee productivity in all but three of its 15 main companies, and is collecting its bills more quickly, thereby reducing its working capital requirements.

Improved operating cost and proportionately higher income from sales helped Alfa to report a greatly reduced loss of 359.2m pesos (U.S.$2.7m) in the first half of 1983, compared with 15.8bn pesos in the corresponding 1982 period.

However, Alfa is finding difficulty in selling a large number of its companies. It wants to streamline its operations to just Hylsa and its four petrochemical companies. Lehman Brothers Kuhn Loeb, the U.S. based merchant bank, presented a plan at the end of last year to establish a liquidating trust.

But scant interest has been shown by foreign companies. Philips, the Dutch electronics group, recently negotiated with Alfa to buy PAM, its television factory. But it broke off talks, apparently because it was nervous about the uncertain Mexican market.

PAM, with a foreign debt of $120m, is existing on what one U.S. banker calls "financial cannibalism"—selling obsolete inventories to its employees. Alfa says that PAM is "practically dead" and that it is only a matter of time before it has to be closed.



Martyn Barnes

UK COMPANY NEWS

Marks & Spencer margins held as profits rise £14.6m

FIRST-HALF 1983-84 pre-tax profits of Marks & Spencer, the general store proprietor, increased by 16 per cent from £91m to £105.6m, on sales 15 per cent higher at £1.29bn, compared with £1.12bn.

For the first time, a provision for UK employees' profit sharing—£2.5m (£2.3m)—has been charged against the half-year pre-tax figures. This year's result was also after deducting £1.8m as half the estimated costs towards a Centenary project to aid charities.

Group net attributable profits for the period to October 1, rose by 11.6 per cent from £51.8m to £57.8m. Tax took £48m (adjusted £39.6m) and minority credits were halved at £0.2m (£0.4m).

Earnings per 25p share advanced by 0.5p to 4.4p and the net interim dividend is stepped up from 1.85p to 2.05p—a 10.8 per cent increase. Last year, a total of 5.1p was paid on record taxable profits of £239.3m.

The group's UK profits at the halfway stage were ahead from £90.1m to £104.7m. But the European side fell from £2m to £1.4m, after charging £740,000 (£157,000) *for pre-opening* expenses and others in connection with the opening of the Antwerp store. Canadian losses were cut from £1.1m to £0.5m.

The results of overseas subsidiaries have been consolidated using exchange rates ruling at the end of each period. However, because of the current strength of the Canadian dollar, the Canadian exchange rate is materially different from that used last year.

Compared with the same period of last year, first-half Canadian sales increased by 11 per cent (25.8 per cent in sterling terms) and losses reduced by 62 per cent (57 per cent in sterling terms).

Lord Sieff, the chairman of Marks & Spencer, which is commemorating its centenary by giving some £3.5m to help local community projects

Referring to the profit sharing scheme, the group points out that the round sum provision made against the half-year's profit is not necessarily one half of the prospective allocation for the full year. This will be determined by the board only when the year's profits are known (1982 profits have been adjusted by one half of that year's allocation).

To commemorate 100 years of trading, the group has undertaken a nationwide programme of giving cash to help local community projects. Each of its 262 stores has been allocated between £5,000 and £25,000 for projects to be selected by the store's staff. Total cost to the company is expected to be about £3.5m.

	28 weeks 1983 £m	1982 £m
Total sales	1,285.1	1,117.0
UK stores	1,173.9	1,027.1
Clothing	598.8	536.3
Homeware, footwear, accessories	100.7	86.1
Foods	474.4	404.7
Overseas stores	95.5	76.6
Europe	31.1	25.4
Canada	64.4	51.2
Export sales	15.7	13.3
Trading profits	123.7	104.6
Employees' profit shar.	2.5	2.3
Centenary expenses	1.8	—
Interest payable	8.9	9.4
Depreciation	17.2	15.0
Interest receivable	10.8	13.2
Fixed assets sales	0.2	—
Govt. securities sales	1.3	—
Profits before tax	105.6	91.0
Tax	48.0	39.6
Minority credits	0.2	51.8
Attributable	57.8	51.8

See Lex

Ellis & Goldstein recovery

A SHARP recovery in profits was achieved by Ellis & Goldstein (Holdings) over the six months ended July 31 1983.

The improvement, up from £102,000 to £480,000 at the pre-tax level, was due primarily to a return to more normal patterns of trading in the group's shops within stores without any need to take heavy markdowns to clear stocks at the end of the season.

The key to the outcome of the year as a whole, as always, depends on the trading levels of the group's traditional brands during the current season and the ultimate realisation of stocks at its end.

While trading is "reasonable" the directors say this provides no basis for a forecast.

Turnover for the opening half advanced by £2.21m to £20.49m with the wholesale side's contribution slightly higher at £6.9m (£6.6m) and that of the retail sector £1.91m ahead at £13.59m—the group is a manufacturer of women's coats and costumes.

Earnings improved from 0.43p to 1.57p, but the net interim dividend is being held at 0.85p per 15p share. Tax accounted for £117,000 (nil).

Sales of the group's new Dash collections of active leisure wear for women and girls made its first small contribution. An improvement in sales at wholesale prices arose from a continuing development of business with chain stores.

The directors say the development of Dash, with attendant costs, will continue during the second half and add that there will be a progressive increase in the number of units trading so that by the end of the year the group hopes to have about 90 open—including an experimental stand-alone shop in Brighton.

In a statement earlier this year Mr A. J. Philpott, chairman, said sales of the group's traditional ranges in shops within stores were both a little in advance of the previous year and on a much better trading basis.

● comment

One by one, clothes retailers are waking up to the magic of leisurewear to brighten up a tired image and flat profits. Ellis & Goldstein are looking to Dash to add some spice to the four year plateau of sales around £40m from the traditional clothing lines Eastex and Dereta. It is going to take a while to filter through to the profit line which dipped to £1.02m at the end of the year and might reach £1.3m this time round. Fifty Dash stores within stores are now open, rising to around 90 by the end of the year. Dash junior for teenagers has opened 40 outlets, including one in Harrods. The Dash clothing comes from the Far East unlike the traditional lines which are almost entirely manufactured in the UK. The cost of opening the new outlets is low, but the move into the leisurewear business is going to involve a much greater level of stocks. The overall effect on the balance sheet will be clearer next year. The final dividend is likely to be maintained which puts the shares down 1½p to 35p on a yield of 9 per cent and values the company at £7.9m.

'Next' helps debt free Hepworth to top £8.5m

WITH AN upturn of £3.17m to £4.8m in the second half pre-tax profits at J. Hepworth & Son, rose by £4.7m to £8.56m for the year to the end of August 1983. Profits were booked by the first full year's contribution from "Next," the women's wear subsidiary.

Pre-tax profits were struck after considerably reduced net interest charges of £713,000 against £2.39m. Largely due to the sale of the footwear subsidiary W. and E. Turner earlier this year, the directors say the group has finished the year with no borrowings.

Trading for the first nine weeks of the new financial year has measured up to the companys "demanding expectations," they say.

In view of the successful year's trading and what appears to be a favourable outlook, the directors are *proposing an increased final* dividend of 3.91p net, compared with 3.21p. This raises the total from 4p to 5.5p.

Earnings per 10p share, excluding extraordinary credits, moved sharply ahead from 8.96p to 14.47p.

Turnover of this multiple tailor grew from £83.37m to £98.6m.

A breakdown of trading profits by divisions shows: retailing £2.73m (loss £309,000); manufacturing £204,000 (£296,000); estates £2.54m (£2.62m) and share of profits including Club 24 £3.81m (£3.64m).

The increase in retail profits reflects the successful first full year's trading of the womenswear chain "Next," currently trading out of 138 branches.

At the interim stage the directors said that the early response to spring merchandise available at Next had been excellent. A total of 117 branches were open and they expected a further 13 to open in time for autumn trading. A significant profit contribution was expected from this source during the year.

Properties have been revalued in accordance with the company's rolling revaluation policy and a surplus of £6m over the 1982 valuation, less costs, has been taken directly into reserves.

● comment

The most impressive feature of Hepworth's year is the turnround of its retailing business. While the group will not break-down its men's and women's clothing outlets there is little doubt that the traditional menswear outlets have continued to drag along (probably in or near a loss) with all the running coming from the newly formed "Next" chain which started trading early in 1982. In August '82 Hepworth had 101 Next outlets, 12 months later there were 127 and today there are 139. Next is a success formula which has only just begun to show the tip of its potential profit—but equally can only have so far to run. The company estimates that the ceiling is probably 180 outlets in the UK. So the directors are already testing the waters of Germany to produce a carbon copy Next. In the shadow sits the menswear business where Hepworth is yet to produce a successful *format for the 80s.* In August '84 Hepworth will open 30 "Next Man" shops—very much "next" with Burton's Top Man stealing the lead even if, as the company argues, Burton is after a different age group. Whatever, Hepworth has been slow to recognise the changes in menswear retailing, and to that extent its mainstream business remains an unproven identity. Even without much action there Hepworth is capable of £11½m pre-tax this year. Yet at 189 the p/e of 12.8, on actual earnings, is high enough.

HIGHLIGHTS

London's Stock Market opened to a surprise agreed offer from BAT for Eagle Star, topping the Allianz offer by a good 15 per cent at nearly £800m. Lex looks at the latest turn of events and comments on what the West Germans' next move might be. Marks and Spencer, that pillar of the British High Street establishment, produced its half year profits which disappointed the City analysts who had been looking for £5m or so above the company's actual profit of £105.6m. Finally the Lex column comments on the collapse of a German steel merger between Krupp and Thyssen. The news coincidentally came out the same day as a small German bank said that it had run into problems.

Allied London £62m property portfolio

A RISE from £1.95m to £2.43m in pre-tax profits was recorded by Allied London Properties, property investment company, in the year to June 30 1983.

The final dividend is lifted to 1.7p (1.275) and together with the increased interim payment raises the total to 2p (1.55p).

A valuation of the Property portfolio produced a value of £62.2m which has been incorporated in the accounts. The portfolio now breaks down to (in per cent): offices 49; warehouse/industrial 43; shops 8.

Rental income continued to increase during the year. The company is actively engaged in various commercial and industrial development schemes.

The Central House, Hounslow, development of an 85,000 sq ft office building is reaching completion of building works, and the marketing programme has commenced.

Since the year end, planning permission has been granted for a further phase of Elstree, for a 60,000 sq ft office development. Elstree House, which was the first phase has been completed and fully let.

Elsewhere, redevelopment of the Dartford Industrial Estate is continuing; some 30,000 sq ft has been built and virtually fully let.

At Gerrards Cross, Buckingham House, a development of offices, flats, and a shop has been built, and letting negotiations are in hand.

The Sterling Homes housebuilding subsidiaries had another satisfactory year.

Overall the directors consider this as a year of further achievement, and are confident that this success will continue during the current year.

Tax for the 12 months was £365,000 (£168,000) leaving £2.07m (£1.78m) for earnings of 9.23p (7.87p).

A one-for-two scrip issue is proposed.

● comment

Allied London appears to be laying the groundwork for an acquisition. It is providing more information than usual and the scrip issue will widen the appeal of the shares of which some 60 per cent is in family hands and 7.6 per cent with Eagle Star. It is a well managed company and will not move until the right proposition comes along. It manages a steady flow of self financed developments with some 90 per cent of the modern portfolio freehold. Its properties are almost all within a 35-mile radius of London, following the route of the M25. Rental income, with average reviews of five years, rolls in steadily while voids stand at less than 1 per cent of the portfolio. The company gives a current net asset value of 207p on ordinary shares which fully diluted probably comes down to around 175p. The Hounslow development should start contributing income this year and will add possibly 25p to NAV when fully let. At the company's estimate of 207p the shares which closed up 4p at 129p are on an above average discount of 37.7 per cent. The fall in turnover was related to the sale of a subsidiary, part of the Gough Cooper rationalisation, the house building operation bought in 1980.

Old folk will benefit from Senetek share sale

BY DOMINIC LAWSON

ONE OF the most esoteric investment opportunities of recent years will soon be available to the general public in the form of Senetek, a company set up to exploit products which may arise as a result of research in the field of molecular biology.

Licensed dealer Afcor Investments (wholly-owned by the South African company, African Finance Corporation) is offering 2,574,400 Senetek shares for sale over the counter at 59p each, worth £1.52m, which capitalises the 4m issued share capital at £2.36m.

Afcor claims the over-the-counter offer-for-sale will be the second only such one in this country. Senetek is considered too untried even for the adventurous Unlisted Securities Market, although Afcor's Mr Colin Buchan said yesterday that a "USM quote could take place in three to six months."

Its objectives are to research and develop products which are designed to diagnose and alleviate diseases related to old age, together with a broader range of specific diagnostic applications with a view to exploiting these products commercially.

Senetek is essentially part of the biotechnology boom, which in the U.S. has resulted in about 200 quoted biotechnology companies. Such investment opportunities in England are generally confined to institutions. Senetek's Prof Brian Clark said the English "don't seem to like risk taking, outside of the football pools."

Prof Clark, chairman of Senetek's "scientific committee," is Professor of Biostructural Chemistry at the University of Aarhus in Denmark. Other scientific luminaries on the board include the chairman, Sir Hans Kornberg, who is Master of Christ's College, Cambridge. The company's advisers include Dr Aaron Klug, the 1982 Nobel Laureate for Chemistry.

The offer for sale prospectus, which comes complete with a diagram of the Watson-Crick hydrogen-bonded double herical structure of DNA, is packed with scientific jargon which the would-be investor might find hard to understand.

As an example, one of the scientific committee's area of expertise is described simply as "cellular immunology, major phylogenetic perspective, transplantion immunology."

Senetek's aim is to develop products which would improve the quality of life for the aged. Dr Dan Grafstein, a director and former manager of applied Research at Exxon, insisted yesterday: "Don't even mention the phrase 'elixir of life.' That is not what we are about."

The group's concern for the aged starts at home. Its articles of association stipulate that "no person shall be or become incapable of being appointed or remaining a director of the company by reason of his having attained the age of 70 or any age."

The offer, which has been underwritten, will raise finance to undertake an initial programme of research and commercial development. But it is unlikely that profits will be generated within the next two years.

The company concedes that "despite access to leading expertise, there remains a risk that the research could prove unproductive."

Over the counter dealings in Senetek shares begin on November 16. It may be a little longer before its products are similarly available.

U.S. distributor boosts Wolseley Hughes to £15.8m

BOOSTED BY a £4.6m first-time contribution from the U.S. distribution division and better figures from the UK side, taxable profits of Wolseley-Hughes expanded from £11.14m to £15.81m for the year ended July 31 1983.

Helped by strong building activity in both the UK and the U.S. the overall group result for profits and sales—up £136m to £358.7m including £111m from U.S. distribution—was in line with directors' expectations.

They add, however, that manufacturing companies continued to face difficult trading conditions both at home and in certain export markets and produced "disappointing results."

With regard to the current year, directors, although not expecting any substantial change in the economic climate, will continue to develop the group's successful distribution companies while endeavouring to bring the manufacturing subsidiaries to an acceptable level of profitability.

After tax of £4.96m (£3.2m) earnings per 25p share were 51.06p, against 47.67p and the dividend is stepped up to 15.89p (15.13p) net with a final payment of 10.81p.

Mr Jeremy Lancaster, chairman, says that with domestic building activity buoyant, Wolseley-Hughes Merchants continued to make good progress and during the year opened seven new branches. The pipe, valve and fittings distribution business on the other hand experienced another difficult year, with fierce competition squeezing margins.

"In view of the continuing recession in the industry we have adopted a more rigorous approach in valuing the company's stock and this has led to a significant write off for the year." The remaining companies in the division produced similar results to last year, he adds—UK distribution profits were £11.54m (£9m), and turnover £196.7m (£158.8m).

The U.S. distribution company Ferguson Enterprises Inc enjoyed favourable trading conditions in the residential market and continued with its expansion programme. This led to an additional 18 branches to its network making the number of locations 72.

The farm machinery division produced varied results in a difficult market. On the gardening side it was a year of reorganisation following the move to smaller premises.

There were further cutbacks and redundancies in the engineering division which was also hit by a substantial decline in business in certain export markets, Mr Lancaster states.

Pre-tax figure for the year was after interest of £2.32m, against £1.93m. Below the line there were minorities and preference payments, and extarordinary debits of £2.21m, compared with £719,000 last time.

The attributable balance came through at £8.64m (£7.2m) of which ordinary dividends will absorb £3.62m (£2.72m).

The directors say that as a result of last December's £17m rights issue, the group had large sterling balances at the year end, although they were exceeded by dollar borrowings; gearing was 14.6 per cent.

"Nevertheless, this strong financial base should enable us to take advantage of opportunities for growth as they arise."

● comment

Distribution now seems to be making all the running at Wolseley-Hughes. Take out Ferguson's better than expected first time contribution, and profits for the rest of the group are about static. But within that, engineering suffered a dramatic downturn—leading to a £2.2m write-down below the line on unproductive assets—which was entirely due to the loss of export business to oil producing countries, chiefly Nigeria. The underlying growth of the UK *distribution* business is hard to quantify since it opened seven new branches during the year, with a 24 per cent increase in turnover. However, it does look as if margins in the division—which accounts for 63 per cent of group trading profits—have improved slightly. The shares rose to 545p before settling at 520p, down 12p, where the yield is 4.4 per cent. Continued expansion of the U.S. distribution network could bring this year's profits to £19m pre-tax, although no fireworks are expected elsewhere. On a 30 per cent tax charge, the prospective multiple is nearly 9; the least demanding it has been for some time.

Shiloh hit by NHS cuts

A CUTBACK in purchasing by the National Health Service has caused a substantial fall in turnover and profitability at the disposables and non-woven products subsidiary of textile spinning concern Shiloh. This leaves the group's pre-tax profits well behind at £107,887, compared with £204,703, in the first half to October 1 1983.

However the directors remain optimistic about the group's continued expansion in the long term. They say the second-half results should be significantly better than the first, though the year's outcome will not match the taxable profits of £509,514 reached in the previous 12 months.

The interim dividend is being maintained at 0.75p net per 25p share—a total of 2p was paid in the year to March 1983.

The spinning subsidiary improved in the half under review and it is now running profitably. Its share of the group turnover of £5.03m (£4.58m) advanced from 55 to 74 per cent.

Increased raw material costs and the high incidence of holidays in the first half prevented the spinning subsidiary taking maximum advantage of improved trading conditions, so it has not yet realised its full profit potential. This should improve in the second half and directors expect higher profits during this period.

The disposable and non-woven products subsidiary is continuing to develop and increase its range of products both for industry and the health service and thus widen its product base. Its second-half results should better those of the first the directors say.

Taxable profits were struck after depreciation of £52,891 (£52,083) and bank interest of £29,762 (£46,796). Tax took £53,943 (£102,351) leaving net profits of £53,944 (£102,352).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Allied London	1.7	—	1.28	2	1.55
Ellis and Goldstein int	0.85	Dec 10	0.85	—	2.15
Herman Smith	0.3	Jan 3	0.3	0.5	0.5
J. Hepworth	3.91	Jan 3	3.21	5.5	4
Marks & Spencer ...int	2.05	Jan 13	1.85	—	5.1
Safeguard Ind	4.1	Dec 14	4.1	6.6	5.9
Shiloh ...int	0.75	Dec 14	0.75	—	2
Peters Stores	1	Jan 21	0.5	2	0.5
TR City of London 1st int	0.68	Dec 9	0.63*	—	2.5*
Wolseley-Hughes†	10.81	Jan 31	10.29	15.89	15.13

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock.

BOARD MEETINGS

TODAY

Interims:— Airflow Streamlines, Henry Boot, Computer and Systems Engineering, Fleming Far Eastern Investment Trust, Hambros Investment Trust, Hunting Associated Industries, Millets Leisure Shops, Northern Securities Trust, Portsmouth and Sunderland Newspapers.

Finals:— Abaco Investments, Barry Trust, Intervision Video, Sungei Bahru Rubber Estates, Wemyss Investment Trust.

FUTURE DATES

Interims:—

Amersham International	Nov 22
Allnatt London Properties	Nov 8
Assets Special Situations Trust	Nov 8
Bestwood	Nov 16
British Investment Trust	Nov 7
Chubb	Nov 9
East Midland Allied Press	Nov 17
External Investment Trust	Nov 9
Futura	Nov 9
Holyrood Rubber	Nov 10
Kuala Selangor Rubber	Nov 10
Land Securities	Nov 14
Mellins	Nov 4
Outwich Investment Trust	Nov 14
600 Group	Dec 1
Staveley Industries	Nov 10
Tesco	Nov 16

Finals:—

Akroyd and Smithers	Nov 17
Fenner (J. H.)	Nov 28
New Court Trust	Nov 15
North Atlantic Securities	Nov 10
Singapore Para Rubber Estates	Nov 4
Town Centre Securities	Nov 4

Public Works Loan Board rates

Effective November 2

Years	Quota loans repaid by EIP†	At‡	at maturity§	Non-quota loans A* repaid by EIP†	At‡	at maturity§
Up to 3	10¼	10¼	10¼	11¼	11¼	11¼
Over 3, up to 4	10½	10½	10¾	11⅜	11⅜	11⅜
Over 4, up to 5	10⅝	10¾	11	11⅜	11½	11½
Over 5, up to 6	10¾	10¾	11⅛	11⅜	11⅜	11¼
Over 6, up to 7	10⅞	11	11⅛	11⅜	11⅜	11⅜
Over 7, up to 8	11	11	11⅛	11⅜	11⅜	11¼
Over 8, up to 9	11	11⅛	11⅛	11⅜	11⅜	11¼
Over 9, up to 10	11⅛	11⅛	11	11⅜	11⅜	11¼
Over 10, up to 15	11⅛	11⅛	10⅞	11⅜	11⅜	11¼
Over 15, up to 25	10⅞	10⅞	10⅞	11⅜	11⅛	11⅛
Over 25	10⅞	10⅞	10⅞	11⅛	11	11

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest (§ With half-yearly payments of interest only).

MINING NEWS

St Helena to sink a new shaft

THE Gencor group's St Helena gold mine in South Africa's Orange Free State is to extend its workings to the Basal reef on farm Ongegund 13 which adjoins the southern boundary of the mine's existing lease area. This will mean the sinking of a major shaft.

The new shaft will be sunk to a depth of 1,450 metres and will cost R89.2m (£51m) in today's terms. It is planned to complete the shaft within four years by which time the cost is expected to have escalated to some R125m.

While capital expenditure can be set against tax, not all the cost of the new shaft can be provided by tax savings over the four years. So in order to smooth excessive fluctuations in dividends over the period, it is intended to fund the after-tax requirements partly by retained earnings and partly by loans.

At present St Helena's mining life is in the medium category, possibly 15 to 20 years. Ongegund offers an extension to this although early development found the ground to be heavily faluted with erratic gold values.

St Helena says that when the new shaft comes into operation it should enable the mine to maintain its present level of production for at least eight years.

Gold Fields can raise Newmont stake to 33⅓%

BY KENNETH MARSTON, MINING EDITOR

LONDON'S Consolidated Gold Fields has concluded a new agreement with America's Newmont Mining whereby the UK group may increase its shareholding in Newmond beyond the previous limit of 26 per cent to a total, within ten years, of 33⅓ per cent.

However, if a third party seeks to acquire more than 9.9 per cent of the Newmont equity, Gold Fields can end the agreement and buy as many Newmont shares as it wishes, thus being in a position to fight any takeover bid for Newmont.

At present Gold Fields owns 25.1 per cent of Newmont, having built up the stake in purchases made since early-1981 at an average price of $57 per share.

The cost of the acquisitions totals $434m but because the earlier purchases were made at favourable exchange rates the cost in terms of sterling was about £250m compared with the present sterling equivalent of £290m.

Newmont are currently around $47 per share on which basis the cost of acquiring the further permitted total of some 2.5m shares would be about £79m.

Mr Anthony Hichens, Gold Fields finance director, stressed yesterday, however, that the group did not intend to act immediately to increase its stake in Newmont to the higher permitted level. "We will take it slowly," he said.

At yesterday's annual meeting of Gold Fields Mr Rudolph Agnew, the chairman said: "Newmont represents a very satisfactory long-term investment for Gold Fields. Ours is a strategic investment in the strongest and most successful of the major U.S. mining corporations."

Commenting on the general economic outlook Mr Agnew said that the recovery in the U.S. and elsewhere "has been slow and patchy, particularly in the heavy capital goods sectors." He saw the near-term outlook for the mining industry as "not very encouraging."

He added that metal prices have weakened "on what could be rather short term considerations if the recovery in the United States continues and is followed in other major industrialised nations."

But "while the longer term economic outlook should be better, we must all be aware that world economies are likely to grow at slower rates than were achieved on average over the last 30 years. Accordingly, we are unlikely to see high levels for commodity prices fuelled by growth and inflation."

He retains his faith in gold, "our single most important product, and this gives me considerable comfort." And he disclosed that the large, but low grade, Mesquite gold deposit in California should come into production before the end of 1986, given the granting of the necessary permits.

Meanwhile, Gold Fields is still talking to possible purchasers of the ill-fated U.S. Skytop Brewster drilling rig business. He added that the £87m provision made last year to cover losses incurred pending a sale of the business was still considered adequate.

Mr Agnew gave no further comment on the current year's outlook for Gold Fields—in the annual report he looked for "an all-round improvement." In London yesterday the shares rose 15p to 478p in a generally improved market.

Corona and Tech ores

CANADA'S International Corona Resources has increased its drill-indicated gold ore reserves to 11.9m tons from 10.5m at its property jointly owned with Tech Corporation at the exciting Hemlo gold camp in north-west Ontario.

This includes 8.4m tons grading an average 0.36 oz (11.2g) gold per ton, 2.2m tons going 0.32 oz, m1(onst
0.32 oz, 1m tons at 0.19 oz and 0.4m tons at 0.19 oz in the various zones. Detail drilling is expected to increase the latest tonnage figures.

Output quotas cause tin dredges to close down

TIN EXPORT curbs, imposed by the International Tin Council in an effort to reduce the world surplus supply of the metal, are now resulting in tin dredge close-downs in Malaysia.

The major Malaysian Mining Corporation says that the allocation of an output quota, equal to about 53 per cent of normal, for the fourth quarter means that it will have to close down two more dredges. This will result in 10 of the group's dredges being closed.

Ayer Hitam Tin Dredging says that because of the export controls it will have to close another dredge and lay off workers. The company will thus be left with only one dredge in action. Another dredge closure is announced by Tronoh Mines.

On the copper front, Canada's Corporation Falconbridge Copper, controlled by Falconbridge Nickel, says that because of the current weakness in copper prices it is temporarily to suspend mining operations at its Perry mine. This is one of the three active mines at the company's Opemiska division in Chapais, Quebec.

Helped by its ogld production the company earned C$572,000 (£310,200) in the 1983 third quarter, which, after allowing for earlier losses, leaves the company with a net profit for the first nine months of C$476,000. In the first nine months of last year there was a loss of C$1.21m.

N. Broken Hill first quarter

THE Australian mining and investment group, North Broken Hill Holdings, reports an unaudited net profit of A$4.9m (£3m) for the first quarter of its current year to June 30.

This compares with A$2.05m in the same period of a year ago when there was in addition an extraordinary credit of A$1.22m. For the full year earnings totalled A$31.05m after extraordinary items.

The previous year's total earnings were boosted by significant increases in sales of silver and prices received for the metal coupled with the contribution from Associated Pulp and Paper Mills which became a wholly-owned subsidiary half-way through the year.

THE IMPERIAL COLD STORAGE AND SUPPLY COMPANY LIMITED

(Incorporated in the Republic of South Africa)

PROFIT STATEMENT AND DIVIDEND ANNOUNCEMENTS

CONSOLIDATED PROFIT

The audited consolidated results of the group for the year ended 30 September 1983 are stated below. The last financial statements covered the seven month period ended 30 September 1982 following the change in the company's financial year end. The seasonality of the company's operations prevents those results from being annualised and thus for purposes of comparison figures for the last full financial year ended 28 February 1982 are also stated.

	12 Months ended 30.9.1983	7 Months ended 30.9.1982	12 Months ended 28.2.1982
	R000	R000	R000
Turnover	1 047 022	549 097	917 821
Operating profit before lifo and interest	36 262	19 787	45 594
Lifo adjustment	3 080	2 202	7 832
Interest paid	12 538	5 968	7 238
	20 644	11 617	30 524
Dividends from investments	1 714	1 147	2 357
Profit before taxation	22 358	12 764	32 881
Taxation	9 605	5 583	10 820
Profit after taxation	12 753	7 181	22 061
Profit attributable to outside shareholders	3 777	2 309	4 250
Preferent dividends	55	28	55
Profit attributable to ordinary shareholders before non-trading items	8 921	4 844	17 756
Non-trading items	1 316	47	1 378
Deferred taxation rate adjustment		(332)	
Profit after non-trading items	10 237	4 559	19 134
Number of ordinary shares in issue	26 938 956	26 301 456	26 301 456
Earnings per ordinary share before non-trading items and deferred tax rate adjustment	33.4c*	18.4c	64.8c
Earnings per ordinary share after non-trading items and deferred tax rate adjustment	38.3c*	17.3c	72.7c
Dividend per ordinary share	20c	12c	20c

* The number of ordinary shares used in the calculation is based on the weighted average of 26 709 580 ordinary shares in issue during the year.

CONSOLIDATED BALANCE SHEET

The audited consolidated balance sheet as at 30 September 1983, together with the audited balance sheet at 30 September 1982 are given below:

	30.9.1983	30.9.1982
	R000	R000
Capital employed		
Capital and premium	57 766	14 254
Non-distributable reserves	68 433	1 535
Retained surplus	94 765	89 430
Interest of shareholders of The Imperial Cold Storage and Supply Company, Limited	220 964	105 219
Interest of outside shareholders in subsidiaries	6 006	5 442
Interest of all shareholders	226 970	110 661
Long-term liabilities	52 020	43 654
Deferred taxation	4 071	3 223
	283 061	157 538
Employment of capital		
Fixed assets	217 286	128 154
Investments	16 147	10 313
Current assets	185 335	152 285
Current liabilities	(135 707)	(133 214)
	283 061	157 538
Ratios		
Current assets to current liabilities	1.4	1.1
Total liabilities to total shareholders' funds	83%	160%
Total borrowings to total shareholders funds	32%	82%

COMMENT

In the Chairman's review in November 1982 of the financial statements for the seven month period March/September 1982 and in the interim statement for the half year October/March 1983 reference was made to the effect on the company's operations of the downturn in the economy and of the severe drought which has affected the country. The consequent price competition encountered in various trading divisions and the high interest on borrowings to finance the company's programme of renewal and development have had a severe effect on the results reported above.

Active steps have been taken by the company to reduce costs wherever possible and to improve efficiencies through rationalisation and the provision of modern facilities. The prospects for the coming year will depend on the rate of recovery in the economy and the extent to which in the coming summer the drought is alleviated and its effects overcome. The company is however well equipped to take advantage of any upturn in the economy.

FINANCIAL STATEMENTS

The financial statements will be mailed to shareholders by the end of November 1983.

DIVIDEND ON ORDINARY SHARES

A final dividend of 12 cents per ordinary share was declared which, together with the interim dividend of 8 cents, brings the total dividend in respect of the year ended 30 September 1983 to 20 cents per share.

DIVIDEND No. 97 ON ORDINARY SHARES

Notice is hereby given that a final dividend of 12 cents per share has been declared on the company's ordinary shares for the year ended 30 September 1983. The dividend will be payable to shareholders registered in the books of the company at the close of business on 2 December 1983.

The dividend is declared in the currency of the Republic of South Africa and becomes due on 3 December 1983. Dividends payable from the office of the company's London Transfer Secretaries will be paid in United Kingdom currency at the rate of exchange ruling on 3 December 1983.

Dividend warrants will be posted on or about 12 January 1984. Non-resident shareholders' tax will be deducted from dividends where applicable.

The ordinary share registers of the company will be closed from 3 December 1983 to 16 December 1983, both dates inclusive.

INTERIM DIVIDEND No. 89 ON PREFERENCE SHARES

Notice is hereby given that an interim dividend of 2.75% has been declared on the company's preference shares payable to shareholders registered in the books of the company at the close of business on 25 November 1983. The dividend is declared in the currency of the Republic of South Africa and becomes due on 26 November 1983. Dividends payable from the office of the company's London Transfer Secretaries will be paid in United Kingdom currency at the rate of exchange ruling on 26 November 1983.

Dividend warrants will be posted on or about 29 December 1983. Non-resident shareholders' tax will be deducted from dividends where applicable.

The preference share registers of the company will be closed from 26 November 1983 to 9 December 1983 both dates inclusive.

By order of the Board
Secretary
J. P. Enslin

Registered Address:
171 Jacob Mare Street
Pretoria 0002
1 November 1983

Transfer Secretaries:
Consolidated Share Registrars Limited
Libertas
62 Marshall Street
Johannesburg 2001
Charter Consolidated Services Limited
Charter House
Park Street
Ashford, Kent TN24 8EQ

UK COMPANY NEWS

Herman Smith loss but payout repeated

MANUFACTURING and electrical engineer Herman Smith suffered taxable losses of £75,366 for the year ended June 30 1983, compared with £287,098 profits, but the dividend is maintained at 0.5p with a same-again final of 0.3p. Turnover was virtually unchanged at £8.63m, against £8.64m.

At halfway pre-tax losses were £65,000 (£104,000 profits).

Operating profits for the year amounted to £350,892 (£540,017), but interest charges took £327,940 (£232,391) and there were the associate company's initial costs of £98,318 (£20,528). After a tax credit, £596,967 (£183,430 charge), however, there was a much higher net surplus of £521,601, against £113,668.

The joint venture company, Herman Smith Hitco, continues to operate within its business plan and will require some further support in the current year.

In the remainder of the group the forward order position is more satisfactory than for some time, and operating profits should show a significant improvement, the directors state.

The pressworking subsidiary, following a loss during the year, has won substantial new work and the current year's results will be much improved, they say.

The precision engineering company, in a difficult year, made a modest contribution to profits and has obtained important contracts, benefits from which will show through in the second half.

The Eurocraft subsidiary contributed significantly to group operating profits and its competitiveness gives directors much confidence for the future.

The directors comment that the joint venture is of "great significance and has made excellent progress." The cost of providing the factory, plant and other necessary resources, has been substantial, they add.

The company's marketing continues to generate considerable interest and directors are confident in the profitable growth of the company in the longer term.

English and Intl.

Net revenue for the six months to October 5 1983 at English and International Trust showed a decline from £364,500 to £353,300. Net asset value per 25p share rose to 243½p against 210p at April 5 1983.

The net asset value is arrived at after deducting debenture stock and preferred shares at their nominal values and includes dealing investments at market value.

The net interim dividend is held at 1.5p. In the last full year a total of 6p was paid.

Gross income moved ahead from £640,300 to £718,000, and was subject to management expenses of £68,400 compared with £61,400 and foreign currency and loan interest this time of £108,300. Loan capital interest took £6,500 (£6,600).

Tax for the six months came to £181,500 (£207,800).

Dualvest

Net asset value per £1 capital share of investment trust Dualvest totalled 883p at September 30, 1983, compared with 786p as at end-March, 1983, after deducting income shares at nominal value.

Net revenue for the six months to September 30 was little changed at £369,990, against £368,392 for the same period last year, after tax of £189,316 (£200,637) but currently it is anticipated that figure for the full year will show a greater increase than that for the opening half.

The net interim dividend is being stepped up from 4.093p to 4.111p per 50p income share—a final of 3.788p was paid previously.

Gross income was £17,673 lower at £611,244 before expenses of £51,938, against £59,888.

Yearlings total £17m

Yearling bonds totalling £17.4m at 9⅞ per cent have been issued this week by the following local authorities.

Berwick-on-Tweed £0.25m; South Bedfordshire District Council £0.25m; St Helen's Metropolitan Borough Council £0.5m; Wansbeck DC £0.4m; Banff and Buchan DC £0.5m; Llanelli (Borough of) £0.25m; Lothian Regional Council £1m; Newham (London Borough of) £1m; Birmingham (City of) DC £3m; Central RC £2m; Dundee (City of) DC £0.5m; Allerdale DC £0.5m; Highland RC £1m; Dudley Metropolitan BC £1m; Medina BC £0.5m; Northavon DC £0.25m; Oldham Metropolitan BC £1.5m; Thameside Metropolitan BC £0.75m; Broxbourne BC £0.25m; Sunderland (Borough of) £1m.

French Connection

The offer for sale of 1,823,429 French Connection Group 5p ordinary shares at 133p has been oversubscribed. Details of the basis of allocation will be announced today.

Renong

Renong Tin Dredging has disposed of its 3.4 per cent holding in Bedford Plantations in the open market for £1.69m cash. The proceeds will be utilised for other investments, it is stated.

Peters Stores at £0.2m as retail recovery continues

Peters Stores, leisure wear retailers, continued to recover in its traditional area of activities and finished the year with a taxable surplus up from £99,000 to £246,000.

A trading profit of £549,000 was made, compared with a £152,000 loss, in the 12 months to June 25 1983 on turnover of £10.31m, against £10.62m.

All sections of the retail division performed better as a result of the general improvement in consumer spending and the change of emphasis in its stores, in particular the Keen Jeans Shops.

The final dividend, following its restoration last year, is being doubled to 1p, making a total of 2p (0.5p).

The surplus on property sales for the year was lower at £152,000, against £578,000. Rental income grew from £371,000 to £470,000. Interest payable was higher at £455,000, compared with £327,000.

Prolonged negotiations prevented the company from commencing on the Gateshead Industrial Estate, but it now intends to begin this scheme in the New Year. It will be fully let before commencement of building works.

The redevelopment of the Ryles department store in Whitley Bay is now complete and lettings are well advanced. When fully let, it is anticipated that rental income will be around £50,000 per annum.

The tax charge for the year was little changed at £24,000 (£23,000) and after a £61,000 extraordinary item—closure cost of Whitley Bay department store—profit available for appropriation was up from £76,000 to £161,000. Earnings per share were 6.9p (2.4p).

On a CCA basis pre-tax profits are given as £190,000 against £62,000.

Yen's firmness lures Lake View

The net asset value per share of the Lake View Investment Trust rose from 244p (at March 31) to 269.3p, taking prior charges at par, during the six months to September 30 1983.

Taking prior charges at market value the increase was from 246.5p to 271.5p.

Total income for the six months was £2.37m (£2.02m). Expenses and interest totalled £433,000 (£271,000) and pre-tax revenue emerged at £1.93m, against £1.74m.

Tax absorbed £742,000 (£631,000), leaving £1.19m (£1.11m), equal to earnings per share of 2.63p (2.46p).

Substantial additions to Far East portfolios have been made during the first half, and the revenue outturn for the full year is likely to show a reduction.

In accordance with stated policy, the trust has increased its commitment to the Far East, which now represents 65 per cent of the portfolio, of which 45 per cent is in Japan. This has been largely financed by sales of high multiple UK shares, but there has also been a further reduction in the U.S. portfolio.

The company is encouraged by the economic progress in Japan, and the likelihood that the yen will remain a firm currency. It is intended that a further shift to the Far East will take place in the remaining six months of the year.

As already announced the interim dividend is 1.55p (same).

TIGER OATS AND NATIONAL MILLING COMPANY, LIMITED

(Incorporated in the Republic of South Africa)

PROFIT AND DIVIDEND ANNOUNCEMENT

The audited consolidated results of the group for the financial year ended 30 September 1983 are set out below:

INCOME STATEMENT	Year ended 30 Sept. 1983	Year ended 30 Sept. 1982 (Annualised)	Increase	7 months ended 30 Sept. 1982
	R'000	R'000	%	R'000
Turnover	1 941 576	1 695 504	14.5	989 044
Group profit before taxation	123 254	109 565	12.5	63 913
Taxation	36 316	42 669		24 890
Group profit after taxation	86 938	66 896	30.0	39 023
Attributable to outside shareholders	12 237	9 555	28.1	5 574
	74 701	57 341		33 449
Dividends on preference shares	5 129	5 148		3 003
Earnings attributable to the ordinary shareholders of Tiger Oats and National Milling Company Limited	69 572	52 193	33.3	30 446
Average No. of shares in issue (000's)	13 503	13 455		13 455
Earnings—cents per share	515	388	32.7	226
Dividends—cents per share	140	115	21.7	67
Dividend cover	3.7	3.4		3.4

BALANCE SHEET	30 Sept. 1983 R'000	30 Sept. 1982 R'000
Capital employed		
Interest of:		
Ordinary shareholders of Tiger Oats and National Milling Company Limited	334 174	277 700
Preference shareholders	46 553	46 947
Outside shareholders in subsidiaries	44 914	52 071
All shareholders	425 641	376 718
Long term liabilities	49 920	51 056
Deferred taxation	30 012	20 530
	505 573	448 304
Represented by:		
Fixed assets and investments	399 632	383 613
Current assets	422 437	389 613
Current liabilities	(316 496)	(324 922)
	505 573	448 304
Borrowings less cash: Interest of all shareholders	38.5%	50.4%
Current assets: Current liabilities	1.33	1.20

Comments

1. The financial statements to 30 September 1982 covered a seven month period. The percentage increases shown above have been based on the group's results for that period on an annualised basis.
2. The group turnover for the year represents an increase of 14.5% and excludes turnover of associated companies amounting to approximately R2 493 million, an increase of 21.9%.
3. Notwithstanding the impact of the severe drought, group profit before taxation increased by 12.5%. An abnormal combination of factors, mainly investment allowances on the purchase of fixed assets and accumulated export incentive allowances confirmed during the year, resulted in a sharp decline in the taxation rate and, as a result, profit after tax showed an increase of 30.0%.
4. The above figures do not include a non-recurring net capital profit of R5 476 000 arising mainly from the disposal of the group's investment in The Imperial Cold Storage and Supply Company Limited to the group's holding company, C. G. Smith Foods Limited, as reduced by losses on sale of and provision for diminution in the value of certain investments in associated companies and the cost of control in subsidiaries acquired during the year.
5. The operations of associated companies in which at least 20% of the equity is held have only been included to the extent of dividends received during the period under review. If the retained income of these associated companies were taken into account, the above group earnings would amount to 569 cents (1982 annualised: 441 cents).
6. Commitments for capital expenditure at 30 September 1983 amounted to approximately R20 627 000, which will be financed from the group's resources.
7. In the 1983/84 financial year difficult economic conditions, coupled with the adverse effects of the drought, will continue to have an unfavourable impact on certain of the group's main divisions; added to this, a higher effective tax rate for the group is expected. Despite these factors your directors expect to maintain dividends at least equal to those paid in respect of the year under review and which will be suitably covered by earnings.

Financial Statements

The annual financial statements will be mailed to shareholders before the end of November 1983.

On behalf of the board
R. L. FRANKEL (Executive Chairman)
R. A. NORTON (Executive Vice-Chairman)
2 November 1983

ORDINARY DIVIDEND NO. 78

NOTICE IS HEREBY GIVEN that a final dividend, No. 78, of 90 (ninety) cents per share, in respect of the year ended 30 September 1983, has been declared payable to shareholders registered in the books of the company at the close of business on 18 November 1983. This dividend, together with the interim dividend of 50 (fifty) cents per share, declared on 4 May 1983, makes a total distribution for the year of 140 (one hundred and forty) cents per share.

Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on 9 December 1983 of the rand currency value of their dividends (less appropriate taxes).

The transfer books and registers of members will be closed from 19 November 1983 to 2 December 1983, both days inclusive.

This dividend is declared in the currency of the Republic of South Africa and warrants in payment thereof will be posted to shareholders by the company's transfer secretaries in South Africa and the United Kingdom on or about 16 December 1983.

The effective rate of non-resident shareholders' tax is 14.520665 per cent.

By order of the board
H. YUDELOWITZ, Secretary

Registered Office:
15th Floor,
Wesbank House,
222 Smit Street,
Johannesburg 2001.

London Office:
40 Holborn Viaduct,
London EC1P 1AJ.

2 November 1983

Transfer Secretaries:
Consolidated Share Registrars Limited,
1st Floor, Edura House,
40 Commissioner Street,
Johannesburg 2001.
(P.O. Box 61051, Marshalltown 2107)
and
Charter Consolidated P.L.C.,
P.O. Box 102, Charter House,
Park Street, Ashford,
Kent, TN24 8EQ.

BIDS AND DEALS

3i planning to bid for 60% balance of Edith

BY CHARLES BATCHELOR

Investors in Industry Group (3i) plans to bid for the 60 per cent it does not already own of **Edith**, the investment trust specialising in unlisted companies, in a deal which would be worth nearly £28m at Edith's suspension price of 47p yesterday.

3i, formerly known as Finance For Industry, said its approach was motivated by growing competition between companies supplying finance to unlisted companies. This had created a conflict of interest with Edith, for which 3i acts as manager.

Mr Nigel Olsen, general manager of 3i's corporate finance division, said: "There was a time when we used to have the market for unlisted equities all to ourselves. But other companies are now coming in and we are finding it very difficult to feed Edith and ourselves at the same time.

"It creates some complications. We feel that if we cannot continue to run Edith in accordance with the spirit of our agreement we owe it to the shareholders to try to offer them an alternative."

Morgan Grenfell, the merchant bank, has been commissioned by the three directors of Edith not connected with 3i to value the trust's portfolio so that bid terms may be agreed. Edith hopes this can be completed in about two weeks.

Mr William Govett, the leader of the committee of independent Edith directors, commented: "The whole small company market place has changed. It is no longer as easy to do share swaps as it used to be. Private companies prefer to come straight to the Unlisted Securities market. The game has changed materially in the past few years."

Edith, known as the Estate Duties Investment Trust until June 1982, was originally established to allow shareholders of private companies the chance to exchange their shares for those of Edith. The Edith shares could then be sold to meet death duties and other liabilities. The trust limited itself to minority stakes and did not disturb control of the companies in which it invested.

If 3i absorbs Edith the wheel will have turned full circle. In 1962, the trust, which was then 10 years old, was brought to the Stock Exchange by the Industrial and Commercial Finance Corporation)ICFC), which then held 15 per cent. ICFC is now part of 3i and is major supplier of private risk capital to small and medium-sized businesses.

The Stock Exchange suspended Edith's listing yesterday at the company's own request. The suspension price of 47p ex-dividend, which values the trust's entire equity at £46.1m, was 1p down on Tuesday. The price has fluctuated between a low of 44p and a high of 87p this year.

Edith last month announced that pre-tax revenues had risen to £1.69m in the six months ended September 30 1983 from an adjusted £1.62m. Investments were made in nine unlisted companies in the period, amounting to £1.18m.

The trust had net assets of £27.7m at March 31 1983, up from £26m a year earlier. It has investments in about 180 companies, more than 90 per cent of which are unlisted.

Edith has three major shareholders apart from 3i. They are Commercial Union Assurance with 7.2 per cent, Legal and General with 6.4 per cent and Prudential Assurance with 5.6 per cent.

It made a pre-tax profit of £25m in teh year ended March 31 1983, down on the £28.2m the year before. Many customers faced severe problems because of the continued recession while there was continuing strong competition for sound investment propositions, it said at the time.

It made new investments worth £261m in 1982-83, compared with £264m the year before, taking its total investments to more than £1bn. It is owned by nine English and Scottish banks and the Bank of England.

Family trusts disclose 5% stake in Hampton

Mr David Lewis and Mr Neil Davis revealed yesterday that, through family trusts, they have acquired a 5.03 per cent stake in **Hampton Trust**, the property and exploration group which is currently seeking a listing in Australia.

Mr Lewis said that the stake, which is held through Molyneux Securities (Metropolitan) and Marylebone Property Holdings, has been built up "over the past month or two." As to his intentions regarding Hampton, he said that it was seen as "an interesting investment."

Mr Davis and Mr Lewis, who own a number of property-related interests through family trusts, acquired a substantial holding in Estates & Agency Holdings before selling to Rosedimond Holdings which went on to make a full bid for E & A in September last year.

Brit. Vending sale

British Vending Industries has sold one of its freehold properties at Garth Road, Morden, Surrey, to **Darchem** for £480,000 cash which was paid upon completion.

Kennedy Brookes

Kennedy Brookes has received valid acceptances in respect of 95.07 per cent of the shares of **Wheelers Restaurants** or 1,426,034 shares.

Kennedy Brookes now intends to acquire compulsorily any outstanding shares. This application will be made in March 1984.

The existing offer closes at 3.30 pm on November 9 1983.

Firmin & Sons shares soar on bid talks

Firmin and Sons, button maker by appointment to HRH Queen Elizabeth The Queen Mother, announced yesterday that it was holding talks which may or may not lead to an offer for the company. The share price soared 33p to 93p valuing Firmin, which also factors musical instruments and has an activity in uniform accoutrement, at £2.4m.

Its post tax profits of £153,000 in 1982 were the lowest for six years but the balance sheet revealed short-dated gilts valued at £265,000 and cash, or near cash, of a further £352,000.

Hawker Siddeley

The sale of Crompton Electricals by **Hawker Siddeley** to **M and M Electric Vehicles** (Atherstone) has been completed.

Hollas strengthens ties with Hong Kong market

BY RAY MAUGHAN

Hollas Group, the Manchester-based garment importer and distributor, has strengthened its ties with the Hong Kong textile market by taking a 30 per cent stake in **Gardner Trading**, one of the group's principal suppliers.

Consideration for the holding is HK$4.5m (£386,000) and the Li family which is selling Gardner has warranted that net profits after tax this year will be not less than HK$4m (£343,000). Net assets at the end of last year amounted to HK$2.9m (£249,000), excluding the value of Gardner permanent export quota to the UK which is estimated at HK$6m (£515,000).

The outstanding 70 per cent of Gardner has been acquired by two companies controlled by the Treivedi family, which has operations in India and Shanghai as well as a substantial export business to world markets from Hong Kong. The Treveidi's companies are Pan America, the export business, and Plenum Financial Investments, which acts as a confirming house.

Fortwell, a subsidiary of Hollas, has entered into a partnership agreement with these companies whereby a minimum 80 per cent of Gardners post-tax profit is distributed each year and that no major decision affecting Gardner will be taken without the consent of all partners.

Hollas currently imports goods worth £10m annually through Gardner and sees considerable scope for expanding its operations with China from which it currently imports garments worth some £1m each year.

ROUND-UP

Embassy Hotels has exchanged contracts with **Rank Hotels** for the acquisition of the Great Danes Hotel, in Maidstone, Kent. Completion is expected by November 14.

* * *

Royal Reinsurance Company, the reinsurance subsidiary of **Royal Insurance**, has completed the acquisition of **American Overseas Holdings Inc** of the U.S. for about $23m (£15.38m at current rates).

* * *

Kwik-Fit (Tyres and Exhausts) Holdings has acquired **Thistle Metallics** for a maximum price of £100,000.

Thistle Metallics operates through 15 exhaust depots in Scotland.

Net assets of Thistle at October 31 1983, are estimated at £400,000. The purchase price is subject to finalisation and agreement of the net asset position at October.

Kwik-Fit, which has 239 depots in Britain, France and the Netherlands, plans to continue to operate Thistle under its present name and to expand Thistle's operations south of the border.

Thistle specialises in exhausts and shock absorbers, and operates in a different sector of the replacement market from Kwik-Fit.

* * *

Following the conclusion of negotiations with the Energy Committee and approval by Tynwald, **Manx Gas** has been acquired by **Calor Gas** at a cost of £350,000.

A new company, Calor Manx Gas, has been formed and has assumed responsibility for the control and operation of the mains gas network in Port St Mary, Port Erin, Castletown and Peel.

* * *

AGB Research has agreed to acquire a majority stake in **Information and Analysis Inc**, a full service electronic media research and consulting firm, located in Hicksville, New York.

* * *

On October 28 Siebe Gorman purchased 100,000 stock units in **Tecalemit** at 44½p. Since the announcement of the offer for Tecalemit, Siebe has acquired 2.95m Tecalemit stock units (8.63 per cent).

* * *

Saint Piran is a beneficial holder of 4.99m **Milbury** ordinary shares, representing 88.31 per cent of the capital.

* * *

Triplex Foundries has sold its interest in Phipps Plastic Products to the Kleeman Plastics Group.

* * *

Shareholders of the **RTD Group** have approved the sale of the freehold premises surplus to requirements for £488,000 and passed the resolution to convert all the participating preference shares in the group into 2m new ordinary shares of 120p.

* * *

Syltone has sold **J. Dyson and Co** to **R. and W. Hawthorn Leslie** for £214,000 cash.

Dyson is an electrical wholesale distributor of medium voltage switch and fuse gear, electric control systems, cable, lighting and energy conservation products.

The directors of Syltone have been considering corporate development and have decided that financial resources should be concentrated on developing engineering interests.

Dyson's net tangible assets amounted to £1.02m at March 31 1983, and pre-tax profits were £115,000 for the year ended on that date.

A net dividend of £690,000 representing a substantial portion of Dyson's distributable reserves was paid by Dyson to Syltone on October 25.

* * *

Moorside Trust, subject to a bid from Guinness Peat, announces three changes in shareholdings as at October 28.

By reason of a contract for the sale of 1.38m ordinary shares on that date, the interest of Sun Life Assurance Society was reduced to 1.5m shares.

On the same date Commercial Union Assurance sold 1.06m Moorside reducing its holding to less than 5 per cent, while Morgan Guaranty Trust Company, on behalf of discretionary investment clients, increased its holding to 1.35m ordinary

* * *

H. J. Baldwin has sold the freehold of an investment property for £80,000 cash. This compares with book value (October 1983) of £51,996 and value in the revaluation referred to in the directors' report with the latest accounts of £70,000.

The proceeds, together with the dividend from the Wallersteiner bankruptcy, already announced, are intended for in property and investment investment transactions which are being actively sought.

* * *

Renishaw says that 2.8m ordinary shares (10 per cent) of the issued share capital held by **Brown and Sharpe Group** have been placed with institutional investors at 190.25p per share.

BS regarded its shareholding in Renishaw as a long-term investment, but has considered it appropriate to dispose of this part of its holding to meet international investment needs arising in its business.

BS retains a 10 per cent shareholding in Renishaw.

* * *

Microfilm Reprographics has acquired **European Microfilm Services** for a cash consideration. EMS carries out high-quality microfilming services for a range of customers associated with computer-aided retrieval systems, including the EEC Commission, Police Force, Fire Service and a number of commercial enterprises.

* * *

Kluwer Publishing has acquired the publishing assets of **City Financial Insurance Publications** and of **Case Law**.

City Financial publications include the Insurance Register and a loose-leaf International Handbook. Case has set up two main loose-leaf handbooks, Employment Case Law Index, and the Office Companion.

SHARE STAKES

Campari International—Mrs J. Lipton, a director, has acquired 118,000 shares.

Celtic Haven—Taking into account 60,000 shares in which Mr P. D. Brown has an interest, both as a trustee and beneficiary, his total holding is 364,900 shares (6.95 per cent).

House of Fraser — Having resigned as a trustee of two trusts, Mr A. P. Humphries, a director, is no longer interested in the 281,775 shares held by these trusts.

Brook Street Bureau—Mrs Margery Hurst, joint-chairman, has acquired 29,700 ordinary shares.

M. J. Gleeson Group—Espley-Tyas property group's interest in M. J. Gleeson has been reduced from 735,000 ordinary shares (7.35 per cent) by the disposal of 490,000 ordinary shares (4.90 per cent).

Francis Industries — Mepstar Finance has disposed of its entire shareholding in Francis amounting to 795,000 ordinary shares.

Gerrard National—Government of Kuwait, Ministry of Finance, Kuwait Investment Office, has acquired 50,000 ordinary of Gerrard and now holds 2,125,000 ordinary (7.1 per cent).

Reliance Knitwear—Mr D. W. Kay, a director, has sold 300,000 shares and his total shareholding now stands at 265,000 shares.

Senior Engineering Group—Mr D. D. McFarlane, a director, has purchased 6,000 ordinary shares.

Walter Runciman—In his capacity as a trustee the Hon. W. G. Runciman, a director, has acquired 8,500 shares on behalf of the "Northmoor" Trust.

RESULTS AND ACCOUNTS IN BRIEF

MAYNARDS (confectionery, tobacco and toys)—Results for year to June 30, 1983, reported September 24. Fixed assets £6.2m (£5.18m). Net current assets £6.46m (£6.11m). Shareholders' funds £12.26m (£12.02m). Net liquid funds increased £401,000 (£659,000 decrease). Capital commitments £872,000 (£598,000). Ex gratia payments to retiring directors £30,000. Company is to change year-end to August 31 and current period will be for 14 months. Meeting, Company's Registered office, Vale Road, N, November 17, 11 am.

BALTIC LEASING GROUP — Results for the year to the end of July 1983 with prospects reported on September 28. Fixed assets £7.94m (£3.81m) including investments £2.51m (nil). Net current assets £1.85m (liabilities £2.21m). Shareholders' funds £9.67m (£1.6m). Net decrease in working capital £477,000 (increase £104,000). Meeting: 19, Old Broad Street, EC, on November 15 at 11 am.

TRAFFORD PARK ESTATES (property)—Results for the year ended June 30 1983 already known. Group shareholders' funds £23.19m (£24.29m). Net current liabilities £274,940 (£812,474). Increase in working capital £112,000 (£261,000 decrease). At year-end the Britannic Assurance Company held 12.173 per cent of group's shares. Meeting: Manchester, November 16, noon.

FIRST CHARLOTTE ASSETS TRUST (investment company)—Results for six months ended September 30 1983: Dividend will be maintained at same level as last year—0.05p. Income £34,000 (£73,000), including franked investment £22,000 (£9,000) and unfranked £4,000 (£64,000). Interest and expenses £52,000 (£35,000) leaving loss £18,000 (£38,000 profit) before tax £7,000 (£19,000).

ROWLAND GAUNT (ladies' wear manufacturer)—Loss, before and after tax, £30,000 for year to April 30, 1983 (loss £34,000 for 10 months to April 30, 1982). Turnover £86,000 (£384,000). No dividend (same). Loss per 25p share 10.11p (11.37p) before extraordinary debits £2,000 (£45,000).

TR NATURAL RESOURCES INVESTMENT TRUST—Directors say the policy of concentrating investment on the natural resources sector has continued and at September 30 1983 approximately 87 per cent of assets were so invested. Over half the total assets are now invested overseas. Income for six months to September 30 was £2.44m (£2.22m); pre-tax profits were £2.21m (£1.92m) after management expenses of £176,000 (£168,000) and debenture loan stock interest £55,000 (£130,000). Tax took £721,000 (£628,000). Interim dividend raised from 3.175p to 3.5p net. Earnings per share 4.65p (4p); net asset value per share 309.1p (229.5p).

NINETEEN TWENTY-EIGHT INVESTMENT TRUST—Gross revenue for half-year to September 30 1983 £1.8m (£1.73m), comprising franked income of £872,000 (£909,000) and unfranked income of £924,000 (£818,000). Administration expenses £109,000 (£97,000). Interest charges £76,000 (same), tax £384,000 (£335,000). Imputed tax £282,000 (£273,000) leaving net earnings of £965,000 (£946,000). Earnings per 25p stock unit, 2.65p (2.59p); interim dividend 2p (same). Gross assets after dividends £84,976 (£848,633); net asset value per stock unit 171.3p (128.4p).

STEWART & WIGHT (retail baker and hotel owner—Dividend 13p (4p) for year to March 26 1983. Turnover £236,109 (£237,541) and profit £35,137 (£8,002). Depreciation £1,900 (£2,398), tax £17,178 (£1,532 credit), extraordinary debit nil (£5,024), net profit £16,059 (£2,112). Earnings per £1 ordinary share 32.28p (3.37p). In May 1983, the company's freehold bakery building was sold for £95,000 against a book value of £29,000. Its remaining properties were revalued on July 28, 1983, at £474,500.

TR INDUSTRIAL AND GENERAL TRUST—Interim dividend 1.1p net (same). For half-year ended September 30 1983 profit was £5.02m (£5.75m) after management expenses £1.32m (£1.29m) but before tax £1.71m (£1.89m). Earning 1.53p (1.79p) per ordinary share. Net asset value 157.7p (112.2p) per share. Switching of assets overseas has continued, and at September 30 they had risen to 55 per cent of the portfolio, 21 per cent in the U.S. and 24 per cent in Japan. In the U.S. company continues to invest actively in second stage development companies with the assistance of the Berkeley Consulting Group in San Francisco. Results from these investments continue to be very satisfactory.

G. T. GLOBAL RECOVERY INVESTMENT TRUST—Interim dividend 0.75p (same) for six months to September 30 1983, but board says shareholders should not expect that final will also be maintained. Earnings per £1 share 1.01p (1.47p). Pre-tax profits £161,192 (£219,393). Dividends and interest on investments £449,757 (£344,698); loan and deposit interest £2,289 (£46,935), profits, less losses, on dealings in investments by subsidiaries £48,700 (£4,314 losses); interest payable £217,804 (£73,076); management expenses £102,750 (£94,950). Tax £80,109 (£71,977).

BARLOWS (packer and warehousing)—Net pre-tax profits for half-year to June 30, 1983, £36,893 (£48,874); group external turnover, £312,711 (£337,396); tax £14,629 (£21,219), leaving £22,264 (£27,655).

JERSEY ELECTRICITY COMPANY — Pre-tax profits for 26 weeks to July 3 1983, £1.53m (£1.84m), including interest, £259,830 (£232,836). Gross revenue £9.32m (£8.87m); tax £804,100 (£667,700), leaving £1.22m (£1.47m). Interim dividend, as known, 4p gross (same). Board says figures are based on historic costs and no account has been taken of the vastly increased costs of replacing plant.

FUNDINVEST (investment trust)—Revenue for the year to September 30, 1983, after all charges including tax £582,668 (£568,220). Tax £283,193 (£277,562). Net asset value per 25p share 267p (175¾p) after deduction of debenture stock, preference shares and income shares at nominal values. Final net dividend 2.708p (2.681p) making 4.692p (4.582p).

AUDIOTRONIC HOLDINGS (distributor of electronic goods)—Results for 26 weeks to August 31, 1983, with comparative figures restated: Turnover £1.3m (£1.21m); pre-tax loss £23,000 (£103,000); tax nil (£5,000); loss per 2.5p share 0.1p (0.7p); capital reconstruction costs nil (£9,000); loss on disposal of overseas subsidiaries nil (£40,000).

MARLBOROUGH PROPERTY HOLDINGS—Interim dividend 0.2p net for first half of 1983. Turnover £368,000 (£554,000) and trading profits £72,000 (£250,000); pre-tax loss £199,000 (£116,000 profit) after interest £271,000 (£386,000) and associates profit nil (£232,000). Tax £34,000 (£120,000), profit on sale of investment property £653,000 (nil). Loss per 5p share 1.08p (0.02p). Full year results are dependent upon timing of sales, but board intends to maintain dividend level at least equivalent to last year. All developments in hand are proceeding satisfactorily and in general the level of inquiries for new premises has increased significantly during the last few months.

SHIP MORTGAGE FINANCE CO — Pre-tax profit for the six months ended September 30 1983 £742,953 (£1.29m).

Granville & Co. Limited

(formerly M. J. H. Nightingale & Co. Limited)

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

Over-the-Counter Market

1982-83 High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
142	120	Ass. Brit. Ind. Ord. ...	126	—	6.4	5.1	7.4	9.8
158	117	Ass. Brit. Ind. CULS...	134	—	10.0	7.4	—	—
76	57	Airsprung Group	78	+1	6.1	8.02	21.7	21.7
46	21	Armitage & Rhodes ...	28	+1	—	—	—	—
242	99½	Bardon Hill	237	—	7.2	3.0	9.7	19.7
151	100	CCL 11pc Conv. Pref....	136	−1	15.7	11.5	—	—
270	150	Cindico Group	150	—	17.6	11.7	—	—
86	45	Deborah Services	56	−1	6.0	10.7	—	—
160	77	Frank Horsell	160	+4	—	—	6.7	11.0
154	75½	Frank Horsell Pr Ord 87	154	+4	8.7	5.7	6.5	10.8
83	46	Frederick Parker	46	−1	7.1	15.4	2.9	4.6
55	32	George Blair	32	—	—	—	—	—
100	55	Ind. Precision Castings	55	—	7.3	13.3	15.3	19.0
205	100	Isis Conv. Pref.	205	—	17.1	8.3	—	—
114	47	Jackson Group	105	—	4.5	4.3	5.5	10.7
237	111	James Burrough	205	+1	11.4	5.6	11.3	11.6
260	133	Robert Jenkins	133	—	20.0	15.0	15.5	10.4
83	54	Scruttons "A"	69	—	5.7	8.3	11.3	8.2
167	84	Torday & Carlisle	84	—	2.9	3.5	—	—
29	18	Unilock Holdings	18	—	1.0	5.5	11.8	17.1
90	64	Walter Alexander	84	—	6.8	7.6	7.9	10.5
276	214	W. S. Yeates	256	—	17.1	6.7	4.0	8.2

Licensed Dealer in Securities

ST HELENA GOLD MINES LIMITED

(Incorporated in the Republic of South Africa)

NOTICE TO SHAREHOLDERS

The directors have accepted a recommendation by the consulting engineers to exploit the Basal Reef on the farm Ongegund 13, which is contiguous to the southern boundary of the St Helena mining lease area.

This will necessitate the sinking of an 8.8 metre diameter shaft to a depth of 1,450 metres. The shaft will be provided with downcast and upcast ventilation facilities as well as facilities for the hoisting of men, material and rock.

The estimated cost of the project, in August 1983 terms, is R89.2 million. It is planned to complete the project within four years and the escalated cost will be some R125 million. This shaft should enable the mine to maintain its present level of production for a period of at least eight years after the date it comes into operation.

In order to smooth excessive fluctuations in dividends over the period of high capital expenditure it is intended to fund after-tax financial requirements partly by retained earnings and partly by loans to be raised.

By order of the board

GENERAL MINING UNION CORPORATION LIMITED
Secretaries

per: D. L. DUSSING
Senior Divisional Secretary
(Gold and Uranium Division)

Johannesburg, 2 November 1983

Gencor Group

APPOINTMENTS

Bankers Trust senior posts

BANKERS TRUST has appointed **Mr Jan R. Brumm**, senior vice-president and head of the international department's Europe group, as senior commercial banking officer for Europe, based in London. **Mr Brian R. Cook**, vice-president, has been appointed general manager of the London branch following the return of **Mr Asa B. Davis III**, senior vice-president, to New York, where he heads the international department's staff group. Mr Cook retains responsibility for the European network management.

*

Mr E. J. Aaronson has resigned as executive chairman of GRA and a director of the group. He is succeeded by **Mr L. Kerman** as chairman. Mr Kerman, who is the largest individual shareholder in GRA, is also chairman of Bristol Stadium.

*

Mr Raymond J. Dinkin has been appointed vice-president, Continental Europe, for SCOTT PAPER INTERNATIONAL. Mr Dinkin, who will be based in London, will be responsible for operations in Belgium, France, Italy and Spain. This appointment follows closely Scott's acquisition of 100 per cent ownership of its Italian affiliate. Mr Dinkin is also a director of Bowater-Scott Corp., Scott's affiliate company in the UK.

*

W. E. NORTON (HOLDINGS) has appointed **Mr Mervyn Brown** as managing director of the group.

*

Mr David Kennedy, Aer Lingus chief executive, has been elected president of the INTERNATIONAL AIR TRANSPORT ASSOCIATION (IATA). Mr Kennedy will hold the office for a year and will preside over the next annual meeting in Montreal.

*

Mr R. F. B. Logan has been appointed to the board of GRINDLAYS HOLDINGS. As announced last month, Mr Logan becomes group chief executive of the bank on November 14 following the recent acquisition of full control of Grindlays by Citibank of New York.

*

Mr M. B. M. Page has been appointed to the board of OPPENHEIMER FUND MANAGEMENT, a subsidiary of the international financial services group, Mercantile House Holdings.

*

Dr Paul Brankin has been appointed managing director of OXFORD AUTOMATION. He has been with the Oxford Instruments Group since 1974 and was previously technical director of Oxford Medical Systems. **Dr Tim Cook** has been appointed general manager of Oxford Analytical Instruments.

*

NFU MUTUAL has appointed **Mr Alun Evans** as a general director from November 10. He succeeds the late Mr D. G. Raw-Rees. Mr Evans is chairman of the Welsh council of the National Farmers' Union.

*

ANDERSON STRATHCLYDE has appointed **Mr C. M. Bell** as a non-executive director. He is on the board of Coats Patons and chairman of J. & P. Coats.

*

Mr Jock Douglas and **Mr Tommy Macpherson** have been appointed to the group board of CH INDUSTRIALS as non-executive directors. Mr Douglas is a director of stockbrokers Laing and Cruickshank and has a number of other directorships. Mr Macpherson was chairman and managing director of Mallinson-Denny for many years and is currently a director of a number of companies including Birmid Qualcast and Scottish Mutual Assurance .He is also a recently appointed director of hte National Coal Board. **Mr Bill Archer** is retiring from the group board and will be assuming a new role as deputy chairman of the General Industrial Division. **Mr Peter Kirkland** is also retiring from the group board.

*

Mr Douglas S. Butler, managing director of Firth Furnishings, and **Mr Howard W. Lickerman**, a U.S. national and chairman of Regal Rugs Inc, have been appointed to the board of READICUT INTERNATIONAL, the parent company.

*

HOGG ROBINSON (LONDON) a new subsidiary of Hogg Robinson Group, has made the following board appointments: chairman, **Mr P. E. Paulson**; managing director, **Mr B. J. Butlin**; directors, **Mr C. W. M. Berkeley**, **Mr R. Carbery**, **Mr T. J. Garden**, **Mr R. E. Galbraith**, **Mr N. M. Greenwood**, **Mr J. A. M. Harrod**, **Mr M. Howe**, **Mr M. W. O'Brart**, **Mr J. E. Porter**, **Mr J. Seager**, and **Mr R. J. Webster**.

*

Mr Ian Kennedy has been appointed a director of JOHN GOVETT & CO.

*

Mr H. A. Brownsey, a managing director of Cater Allen, has been appointed a non-executive director of THE ATLANTA, BALTIMORE AND CHICAGO REGIONAL INVESTMENT TRUST.

*

Mr Patrick Cogan has been appointed managing director for SUNBEAM Europe and International. He was previously managing director of Tefal UK. Sunbeam International is a member of AI International Group.

*

The Countess of Liverpool and **Mr Michael Kevin Sandberg** have been appointed non-executive directors of JULIANA'S HOLDINGS.

*

Mr Harry Lomas has retired as operations director of A. KITCHEN-D. WALKER. He is succeeded by **Mr G. E. Sanders**, production director. The company is part of the John Brown machine tools division. Mr Lomas remains a consultant to the company, which he helped to found in 1959.

*

Sir Robin Haydon, director of group public affairs, has decided not to seek re-election to the board of IMPERIAL GROUP at the annual meeting in March 1984. He will remain as an adviser on public affairs.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1978=100); retail sales value (1978=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unem-ployed	Vacs.
1982							
4th qtr.	98.2	92.9	92	110.7	184.5	2,913	115
1983							
1st qtr.	99.5	94.4	84	111.1	153.1	3,083	124
2nd qtr.	99.6	94.3	88	113.6	158.7	2,987	135
3rd qtr.				114.2		2,950	160
February	100.0	94.1	93	111.1	148.9	3,001	124
March	98.9	93.6	80	111.9	155.1	3,026	126
April	99.6	94.3	95	112.9	157.8	3,021	134
May	100.5	94.8	90	113.7	159.1	2,970	131
June	98.8	93.9	85	114.0	159.1	2,968	139
July	101.5	96.4	99	113.9	166.8	2,957	153
August	101.2	95.3		112.8	162.8	2,941	162
September				116.0		2,953	164

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1982							
4th qtr.	94.1	90.6	103.7	91.6	93.6	87.0	15.1
1983							
1st qtr.	95.7	91.9	104.9	93.2	101.0	88.0	18.1
2nd qtr.	95.3	90.5	105.8	93.1	106.0	87.9	19.6
January	97.0	93.0	104.0	94.0	103.0	88.0	15.6
February	95.0	92.0	106.0	93.0	100.0	87.0	18.2
March	95.0	90.0	105.0	92.0	100.0	89.0	20.1
April	96.0	91.0	106.0	93.0	109.0	87.0	17.3
May	96.0	91.0	107.0	94.0	105.0	87.0	18.6
June	96.0	90.0	105.0	93.0	104.0	89.0	22.9
July	98.0	94.0	107.0	97.0	109.0	91.0	17.4
August	97.0	92.0	106.0	94.0	101.0	87.0	16.2

EXTERNAL TRADE—Indices of export and import volume (1980=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1980=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1982							
4th qtr.	104.6	99.2	+1,215	+2,420	+1,736	98.7	17.0
1983							
1st qtr.	103.5	106.6	−194	+779	+1,764	97.8	17.34
2nd qtr.	101.2	107.7	−654	−313	+1,490	98.0	17.71
3rd qtr.	100.7	108.2	−378	+102	+1,538	99.5	17.90
February	104.1	107.5	−121	+204	−613	97.5	16.58
March	110.9	103.3	+397	+721	+622	97.1	17.34
April	98.6	106.6	−310	−196	+485	97.4	17.66
May	98.7	110.2	−506	−393	+420	97.7	17.92
June	106.2	106.5	+162	+276	+585	99.1	17.71
July	97.0	108.1	−350	−190	+440	99.8	17.94
August	100.4	108.6	−138	+ 22	+569	99.8	18.01
September	104.7	107.8	+110	+270	+529	99.7	17.90

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Clearing Bank base rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	Base rate %
1982							
4th qtr.	17.2	12.2	26.9	+4,293	2,139	2,473	10.13
1983							
1st qtr.	9.5	8.1	10.6	+4,456	1,174	2,499	10.50
2nd qtr.	15.3	14.6	15.0	+5,055	1,071	2,498	9.50
3rd qtr.	8.5	8.4		+1,519	2,096		9.50
March	10.7	10.0	11.9	+2,048	397	850	10.50
April	12.1	13.7	13.6	+2,010	433	783	10.00
May	15.6	13.5	12.8	+1,089	319	847	10.00
June	18.1	16.5	18.5	+1,956	319	868	9.50
July	14.0	12.5	21.5	+ 778	739	782	9.50
August	11.5	10.8	22.5	+ 667	525	930	9.50
September	0.6	2.1		+ 74	834		9.50
October							9.00

INFLATION—Indices of earnings (Jan 1980=100); basic materials and fuels, wholesale prices of manufactured products (1980=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (1975=100).

	Earn-ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1982							
4th qtr.	141.8	119.4	120.1	325.4	298.5	238.84	89.1
1983							
1st qtr.	144.7	124.6	121.8	327.0	302.1	277.29	80.5
2nd qtr.	148.0	123.6	124.2	333.7	306.3	272.89	84.3
3rd qtr.		124.7	125.1	338.0	310.4	288.14	84.9
March	146.1	124.2	122.4	327.9	302.4	277.29	79.1
April	146.0	123.1	123.6	332.5	304.6	274.56	82.8
May	148.3	123.8	124.3	333.9	305.6	267.01	84.9
June	149.7	124.0	124.6	334.7	308.8	272.89	85.2
July	151.7	123.2	124.7	336.5	308.7	282.26	84.8
August	150.6	124.6	124.9	338.0	309.4	293.02	85.1
September		126.4	125.6	339.5	313.0	288.14	84.8
October						283.18	83.4

* Not seasonally adjusted.

Copies of this Prospectus, each having attached thereto the documents specified herein, have been delivered to the Registrar of Companies for registration.

This document includes particulars given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of giving information with regard to Aspinall Holdings p.l.c. (the "Company") and its subsidiaries. The Directors of the Company (the "Directors") have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or of opinion. All the Directors accept responsibility accordingly.

Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the issued Ordinary Shares of the Company on the Unlisted Securities Market. It is emphasised that no application has been made for these securities to be admitted to listing.

INTENDING INVESTORS' ATTENTION IS DRAWN TO THE INVESTMENT RISKS PARAGRAPH IN THE SUMMARY AND IN SECTION (14) OF THIS DOCUMENT.

The procedure for application is set out at the end of this document, together with an Application Form. The application list will open at 10.00 a.m. on Tuesday, 8th November, 1983 and may be closed at any time thereafter.

ASPINALL

Aspinall Holdings p.l.c.

(Incorporated in England under the Companies Acts 1948 to 1981 No. 1745060)

Offer for Sale

by

Kitcat & Aitken and Raphael, Zorn

of

7,800,000 Ordinary Shares of 10p each at 115p per share payable in full on application

SHARE CAPITAL

Authorised		Issued and fully paid
£10,000,000	in Ordinary Shares of 10p each	£5,200,000

The Ordinary Shares now offered for sale rank in full for all dividends hereafter declared or paid on the share capital of the Company.

Preference will be given in respect of a maximum of 780,000 of the shares now being offered for sale to applications made by Directors and employees of the Company and its subsidiaries.

INDEBTEDNESS

At 14th October, 1983 the Company and its subsidiaries, excluding Howletts and Port Lympne Estates Limited, (the "Group") had outstanding a secured short term dollar loan to finance the acquisition of certain U.S. Treasury Notes of £25,322,984 and a term loan of £1,100,000 secured on a freehold property. In addition, a subsidiary of the Company had available to it a gaming reserve loan facility of £1,250,000 secured by a floating charge, none of which had been drawn. Foreign currency indebtedness has been translated into sterling at exchange rates ruling on 14th October, 1983. Since that date, the company has created and issued in aggregate £5 million nominal of 13½ per cent. Unsecured Loan Stock 1988/90 and £350,000 nominal of 13½ per cent. Unsecured Loan Stock 1988 of which all of the latter is to be acquired by a subsidiary and cancelled. Apart therefrom and save for intra-group indebtedness, the Group had at that date no mortgages, charges or loan capital (including term loans) outstanding or created but unissued and no other borrowings or indebtedness in the nature of borrowings, liabilities under acceptances or acceptance credits, hire purchase commitments, or guarantees or other material contingent liabilities. At 14th October, 1983 the Group had balances at banks of £11,120,665.

DIRECTORS AND ADVISERS

Directors

Richard Norman Darbey Langdon, FCA (Chairman)*
John Victor Aspinall
Sir James Michael Goldsmith*
The Earl of Derby, MC, DL*
Dennis Austin Franklin, FCA (Finance Director)
James Francis Osborne

All of 20/23 Curzon Street, London W1Y 8HA

*non-executive directors.

Secretary and Registered Office

Michael Russell Leathers, FCA
20/23 Curzon Street, London W1Y 8HA

Joint Stockbrokers

Kitcat & Aitken
The Stock Exchange, London EC2N 1HB

Raphael, Zorn
10 Throgmorton Avenue, London EC2N 2DP

Joint Auditors and Joint Reporting Accountants

Price Waterhouse (Chartered Accountants)
Southwark Towers, 32 London Bridge Street, London SE1 9SY

Touche Ross & Co. (Chartered Accountants)
Hill House, 1 Little New Street, London EC4A 3TR

Solicitors to the Company

Herbert Smith & Co.
Watling House, 35-37 Cannon Street, London EC4M 5SD

Joint Solicitors to the Offer for Sale

Stephenson Harwood
Saddlers' Hall, Gutter Lane, Cheapside, London EC2V 6BS

S J Berwin & Co
Capital House, 42 Weston Street, London SE1 3QN

Bankers

Barclays Bank PLC
30 Sloane Square, London SW1W 8AF

Société de Banque Occidentale
45/47 Cornhill, London EC3V 3PB

Receiving Bankers

Barclays Bank PLC
New Issues Department, P.O. Box 123, Fleetway House, 25 Farringdon Street, London EC4A 4HD

Registrars and Transfer Office

Barclays Bank PLC
Registration Department, Radbroke Hall, Knutsford, Cheshire WA16 9EU

SUMMARY

The following information should be read in conjunction with the full text of this prospectus from which it is derived.

Business

The Company was incorporated in August, 1983 as the holding company for Aspinall's Club Limited ("Aspinall's Club") which has for a number of years operated Aspinall's Club, one of London's leading and most exclusive casinos in the Knightsbridge area of London. In Spring 1984, the gaming activities are expected to be transferred to new and larger premises in the Mayfair area of London. A gaming licence has been granted for this casino, to be called The Aspinall Curzon, which will have greater facilities for gaming as well as provision for other cardroom games and several elegant dining rooms.

It is the intention of the Directors that the development of the Company will be both organic, as far as gaming activities are concerned, and by way of an acquisition policy to give the Company an element of diversification both within and outside the leisure industry. The Directors intend to pursue an active policy of cash management for the Group's surplus funds, including short term investment in securities and other markets whenever they consider opportunities exist, and will from time to time supplement those resources by the use of external borrowings.

Trading Record

The drop (which is the value of gaming chips purchased and is the best indicator of the volume of business for casinos), turnover†, operating profit and profit before tax of Aspinall's Club and its subsidiaries ("the Aspinall's Club Group") for the four years ended 30th September, 1982 and for the 9 month period ended 30th June, 1983 are shown below. They do not include certain activities which were divested prior to this Offer for Sale.

Years ended 30th September	Drop £'000	Turnover† £'000	Operating Profit £'000	Profit before Tax £'000
1979	26,883	4,109	732	597
1980	19,715	3,059	1,491	1,276
1981	27,089	7,114	2,725	2,312
1982	58,108	15,941	8,472	8,985
Nine months ended 30th June, 1983	**62,717**	**14,940**	**8,443**	**12,288***

†Turnover consists predominantly of the gross gaming win, which is the drop less players' winnings, but also includes dining room and bar sales, house fees and members' subscriptions.

**Including a net gain on investments of £3,014,000 (loss of £104,000 for the year ended 30th September, 1982 and nil for earlier years).*

1983 Profit

	£'000
The estimate of profit before tax of the Aspinall's Club Group for the year ended 30th September, 1983 is	14,960
which includes the net gain on investments of	2,827
Profit before tax excluding the net gain on investments is	12,133

The drop for the year ended 30th September, 1983 was £79.6 million.

Offer for Sale Statistics

Offer for Sale price per share	115p
Market capitalisation	£59.8 million
Earnings per share (fully taxed) based on the estimated profit for the year ended 30th September, 1983 excluding the gain on investments	11.2p
Price earnings ratio	10.3
Gross dividend per share based on an annual dividend per share of 3.0p, together with the related tax credit at the current rate	4.28p
Gross dividend yield	3.7 per cent.
Dividend cover	3.7 times

INVESTMENT RISKS

Intending investors should be aware of the special risks associated with investment in the gaming industry, and high stake gaming in particular, which may involve large swings in drop and in profit. Although the Directors intend to implement a policy of diversification, the gaming operations are dependent on the business being able to retain its gaming licence and its appeal to the appropriate clientele.

As indicated in section (3) of this document on The Gaming Act 1968, gaming in Great Britain is subject to the Act and under the general supervision of the Gaming Board. Undertakings with respect to certain shareholdings in the Company have been given to the Gaming Board and to the Company and these are referred to in section (7) of this document on Reorganisation and Share Ownership. Opposition to renewal of a London casino licence can be made by the Gaming Board, the Metropolitan Police and other interested parties. If a casino fails to obtain a renewal of its licence before the local justices or, on appeal, before the Crown Court, gaming would have to cease and the premises either be used for such purposes as are consistent with the relevant planning consent, or sold.

The Directors have no reason to believe that these risk factors constitute, at the present time, a substantial hazard to the Group, but the gaming industry can be subject to legislative change and the club's clientele, many of whom come from overseas, may be affected by political or economic changes abroad. Up to now the number members who play for high stakes has been fairly constant small. The appeal of Aspinall's Club to high stake players b largely responsible for the growth in profitability, and the patronage of such players will be important to the s Aspinall Curzon.

Particulars of the Group

Because of the provisions of the Gaming Act 1968 relating to restrictions on advertising, it is not permissible to provide the addresses of either existing or proposed premises used for gaming.

1 Background and History

John Aspinall has been in the gaming industry in London over a period of twenty years. He opened the present Aspinall's Club in the Knightsbridge area of London in 1978 with financial assistance from companies associated with Sir James Goldsmith. Aspinall's Club established a reputation as one of London's most exclusive and prestigious casinos.

John Aspinall founded The Clermont Club in London, which he opened in 1962 and ran successfully until he sold it ten years later. From 1972 until opening Aspinall's Club, he devoted himself to the development of his two well-known zoo parks in Kent. These were owned by the Aspinall's Club Group, but conditionally on this Offer for Sale were sold to John Aspinall in September 1983.

In January, 1981, Aspinall's Club acquired Curzon House Club Limited, which had, under other ownership, operated a casino of that name in the Mayfair area of London; the Aspinall's Club Group completed the acquisition of the freehold of the premises in February, 1983. This property is currently being extensively restored. It is intended to transfer the gaming activities of Aspinall's Club to the new premises when this work is complete, which is expected to be in the Spring of 1984 and the new club will be called The Aspinall Curzon. At that time gaming at the Knightsbridge premises will cease, although the premises will be retained.

2 The Gaming Industry in London

London has become an international centre for casino gaming, accommodating, among others, visitors who wish to play for substantial stakes. High stake gaming is pursued by a relatively small number of individuals, predominantly from overseas. There are 19 casinos in Greater London licensed for gaming, mostly located in the West End. Games available are Roulette*, Blackjack, Punto Banco and Craps.

The drop (which is the value of gaming chips purchased and is the best indicator of the volume of business for casinos) for all licensed casinos in Greater London over the past five years is shown below:—

Years to 31st August,

1979	1980	1981	1982	1983
£690m	£661m	£637m	£702m	£893m

The above figures have been taken from statistics compiled by The Gaming Board for Great Britain.
The number of casinos in Greater London has varied from year to year from 25 to 16

Over the past few years the drop of casinos in Greater London has represented approximately 70 per cent. of the total drop of all casinos in Great Britain.

The Directors of the Company regard the top London casinos among the leaders in the international field, and in London only two or three are considered by them likely to be comparable in style or facilities to Aspinall's Club or to The Aspinall Curzon.

3 The Gaming Act 1968

Casinos in Great Britain require a gaming licence granted under the provisions of the Gaming Act 1968. The Act, *inter alia*, established The Gaming Board for Great Britain ("the Gaming Board"), which is the statutory board with specific responsibilities in respect of clubs licensed or registered under its provisions. The Gaming Board is also charged with the duty of maintaining a general oversight of the extent and character of gaming in Great Britain.

*For a definition of certain terms used in casino gaming, see Appendix V.

The Act contains wide powers controlling the way in which gaming is conducted in Great Britain. The philosophy of the Act is that gaming facilities should be provided under appropriate supervision but only on the scale needed to meet the unstimulated demand for them. This is achieved through three principal sections, namely:—

(i) Section 12 which provides for the "48 hour" rule which requires new club members to wait 48 hours before they can participate in the gaming. The only exception is for bona fide guests of members. Admission to membership for the purpose of gaming involves making a personal application in writing at the premises of the club; and

(ii) Section 16 which prohibits the granting of credit, or the release of debts, except that currently dated cheques may be accepted for presentation within two days; and

(iii) Section 42 which, with certain limited exceptions, prohibits casinos from advertising.

A gaming licence is issued by the Licensing Committee of the local justices, and enables a person or company to promote commercial gaming in premises to which the licence relates. Before applying for a licence, the applicant must have obtained a Certificate of Consent from the Gaming Board, who require to be satisfied, among other things, on the suitability and financial standing of the applicant. Once granted, a gaming licence has to be renewed annually, also by application to the Licensing Committee. Opposition to renewal of a London casino licence can be made by the Gaming Board, the Metropolitan Police and other interested parties. If a casino fails to obtain a renewal of its licence before the local justices or, on appeal, before the Crown Court, gaming would have to cease and the premises either be used for such purposes as are consistent with the relevant planning consent, or sold.

Every employee who is immediately involved in the conduct of gaming, requires a Certificate of Approval which is granted only by the Gaming Board and may be revoked at any time on grounds that he is not a fit and proper person.

4 Aspinall's Club

The ambience of Aspinall's Club is a reflection of the personality and m are furnished to a high standard of elegance and every effort made atmosphere. To ensure personal and individual attention John A director is available at the premises when members are present

The gaming facilities at the Knightsbridge premises include and one Punto Banco table. In addition to the gaming members and their guests and facilities to play Poker an adjacent property.

The gaming licence now held by Aspinall's Club w objection being pursued before the Licensing Co

John Aspinall has built around him an experie at The Clermont Club. The continued inv Curzon is opened the same unique atmo Club, is maintained.

Aspinall's Club has approximately members, and subject to appro comprises a small and changin and average drop per gamin at any other casino in Gr

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5 The Aspinall Curz

The application for a gam that gaming will start when at Aspinall's Club will be su that club. In general, members Knightsbridge gaming activities

... The right is reserved to present all application monies pending clearance of

... be forwarded in due course by fully paid or by return by cheque through the post of

Aspinall Holdings p.l.c.

ASPINALL

The number of gaming tables at The Aspinall Curzon compared with Aspinall's Club will be:—

	The Aspinall Curzon	Aspinall's Club
American Roulette	5	3
Blackjack	5	2
Punto Banco	1 (14 seats)	1 (8 seats)
	11	6

The net floor area of the Mayfair premises is 21,500 square feet, of which the gaming area is 2,450 square feet. This compares with 6,240 square feet and 880 square feet respectively for the combined gaming and office premises in Knightsbridge.

The increased facilities and more spacious and elegant surroundings at The Aspinall Curzon will reduce an element of overcrowding which exists at Aspinall's Club. The Aspinall Curzon is located in one of the most fashionable areas of Mayfair in close proximity to a number of London's leading hotels and other casinos. The move to Mayfair coupled with the provision of improved facilities is expected to increase the appeal to new high stake players. It cannot, however, be assumed that the high average drop per table achieved at Aspinall's Club will necessarily be equalled at The Aspinall Curzon.

The restoration project at The Aspinall Curzon is planned to return the building to its former elegance and splendour and so recover and retain the Georgian and Edwardian features. During the work items of artistic merit have come to light which will further enhance the interest of the building. Roderick W. B. Frazer is the Company's adviser on the project; he is a retained adviser to the Trustees of the Chatsworth Settlement. The architect and interior designer who are advising on the project are Philip Jebb and David Mlinaric respectively, both of whom are advisers to the National Trust.

The project is expected to be completed at an estimated total cost of approximately £4·25 million. This includes furnishings and paintings but does not include the £2·85 million cost of acquiring the freehold already incurred. In addition to the gaming rooms, the building will provide a dining room with a garden terrace and orangery and rooms for card games and other games, such as Bridge, Poker, and Backgammon. There will also be several sitting rooms, including an events room, a bar, a function room which could be used for private dinners or receptions and offices for administration. As at 30th September, 1983, some £1.9 million had been spent.

6 Directors, Senior Management and Staff

Directors of the Company

All Directors of the Company were appointed in September or October, 1983.

Richard Langdon, aged 64, is the non-executive Chairman. He is Senior Partner of Spicer and Pegler. He is also deputy chairman of First National Finance Corporation PLC and chairman or a director of a number of other public and private companies.

John Aspinall, aged 57, has been Chief Executive of Aspinall's Club since its formation and devotes the greater part of his time to it. His only other business interest is his zoo company, Howletts and Port Lympne Estates Limited, on which he spends a small proportion of his time.

Sir James Goldsmith, aged 50, is a non-executive Director. He is chairman of the General Oriental Limited and Generale Occidentale groups of companies which include Diamond International Corporation, Cavenham Limited and The Grand Union Company Inc. He is also chairman of Groupe Express in France.

The Earl of Derby, MC, DL, aged 65, is a non-executive Director. He is a former Lord Lieutenant of Lancashire, president, vice president or chairman of a number of public bodies and a member of the Jockey Club.

Dennis Franklin, aged 50, is Finance Director and has been finance director of Aspinall's Club since November 1981. He is a director of General Oriental and finance director of a number of companies in the General Oriental and Generale Occidentale groups. The Company will constitute a major area of his responsibilities.

James Osborne, aged 37, has been employed by Aspinall's Club since 1978 and was appointed a director in August, 1980. Prior to joining Aspinall's Club he was involved in the management of the zoo parks. He is responsible for gaming activities and, in particular, for the general management and administration of the club.

Other Directors and Managers of Aspinall's Club

Michael Leathers, aged 41, the Secretary of the Company, has been a director of Aspinall's Club since its incorporation and is currently its company secretary. He is also a director of a number of companies in the Generale Occidentale group.

James Gore, aged 46, has been a director of Aspinall's Club since June, 1978. He has over twenty years' experience in the gaming industry. He was employed by The Clermont Club from 1962 until he joined Aspinall's Club in 1978. He is responsible for gaming activities and, in particular, for the caisse function.

Joseph Grampeter, aged 39, has been employed by Aspinall's Club since 1978 and was appointed a director in August, 1980. For the seven years before joining Aspinall's Club he was a commercial manager at Banque Occidentale pour l'industrie et le commerce in London. He is responsible for gaming activities and, in particular, for the banking and gaming control functions.

Angelo Baglioni, aged 45, has worked at Aspinall's Club since 1978 and was employed at The Clermont Club in the period of its ownership by John Aspinall. He is the senior manager of Aspinall's Club with primary responsibility for gaming activities.

Antonio-Lopez Rodriguez, aged 48, has seventeen years' experience of management in the casino industry. He has been employed by Aspinall's Club as a gaming manager since 1981.

The management team comprises a highly skilled and experienced group of people who have worked closely with John Aspinall for a number of years at either Aspinall's Club or The Clermont Club. The cohesion and experience of this team has, in the opinion of the Directors, been a significant factor in the successful growth and operation of the business.

At 30th September, 1983, Aspinall's Club employed 109 staff, including 6 directors. Of this number 49 employees who were directly involved in the conduct of the gaming hold a Certificate of Approval from the Gaming Board to carry out their particular functions in relation to the gaming activities. Of the remaining 60 employees, 43 were involved in the provision of catering and household services and 17 in administration and accounting functions. Once gaming starts at The Aspinall Curzon, the total number of people employed by the Group will be increased to approximately 210 of whom some 90 will be involved directly in gaming activities.

7 Reorganisation and Share Ownership

As a preliminary to the Offer for Sale, a reorganisation of Aspinall's Club has been carried out which resulted in the formation of the Company as the holding company of the Group's gaming activities. As part of the reorganisation, John Aspinall has agreed to acquire the zoos and in conjunction with Ultrabridge Holdings Limited (a Hong Kong company wholly-owned by Sir James Goldsmith) certain other non-gaming assets. In addition, the interests of General Oriental Limited (a Hong Kong listed company), which held a loan stock of Aspinall's Club entitling the holder to subscribe for 50 per cent. of the equity share capital of Aspinall's Club, were reorganised so that at the record date for the reorganisation (5th October, 1983) General Oriental shareholders, other than John Aspinall and Ultrabridge Holdings Limited, became entitled to 4.6 per cent. of the shares of the Company.

Following the Offer for Sale of 7.8 million shares representing 15 per cent. of the issued ordinary share capital and taking account of the reorganisation of the interests of General Oriental, the shares of the Company will be held as follows:—

	Per cent. of the Issued Ordinary Share Capital
John Aspinall	40.2
Ultrabridge Holdings Limited	40.2
The Public	19.6
	100.0

Both John Aspinall and Ultrabridge Holdings have given undertakings dated 28th October, 1983 to the Gaming Board and to the Company that, following this Offer for Sale, they will not dispose of shares in the Company involving 5 per cent. or more of each of their then respective shareholdings without the prior consent of the Gaming Board. The Articles of Association of Ultrabridge Holdings contain provisions that restrict the transfer of any shares in Ultrabridge Holdings representing 5 per cent. or more of its issued share capital without the prior consent of the Gaming Board.

8 Trading Record

The trading record of the Aspinall's Club Group since 1st October, 1978 but not including the zoo activities, is as follows:—

	9 months ended 30th June, 1983	Years ended 30th September, 1982	1981	1980	1979
	£'000	£'000	£'000	£'000	£'000
Drop	62,717	58,108	27,089	19,715	26,883
Turnover	14,940	15,941	7,114	3,059	4,109
Gaming licence duty	(3,176)	(2,971)	(682)	(44)	(35)
Other operating costs	(3,321)	(4,498)	(3,707)	(1,524)	(3,342)
Operating profit	8,443	8,472	2,725	1,491	732
Net interest	367	508	(76)	(145)	(101)
Other net income/(expenditure)	464	109	(337)	(70)	(34)
	9,274	9,089	2,312	1,276	597
Gain/(loss) on investments	3,014	(104)	—	—	—
Profit before tax	12,288	8,985	2,312	1,276	597

Turnover consists predominantly of the gross gaming win, which is the drop less players' winnings, but also includes dining room and bar sales, house fees and members' subscriptions.

Since October, 1981 the gaming licence duty has been based on the gross gaming win for six month periods at rates which since 1st April, 1982 rise in gradations to 25 per cent. on gross gaming win in excess of £2·25 million.

The Accountants' Report is shown in Appendix I.

9 Net Assets and Working Capital

The net tangible assets of the Group at 30th September, 1983 as shown in the pro-forma balance sheet set out in Appendix II amounted to £5·6 million. The assets included £11·9 million in cash.

Details of principal properties held by the Group, which include a freehold industrial property held for investment, are shown in Appendix IV.

The Directors are of the opinion that the Group has adequate working capital for its present requirements, after taking into account the Group's existing bank balances and facilities. This includes the gaming reserve facilities required for Aspinall's Club under the provisions of the Gaming Act 1968, currently amounting to £2·5 million which comprise a bank facility of £1·25 million and blocked cash of a further £1·25 million.

The required gaming reserve is based on the number of gaming tables and the maximum table stakes. On the basis that the current maximum table stakes at Aspinall's Club are maintained at The Aspinall Curzon, the Directors are of the opinion that the above gaming reserve facilities will be adequate following the move to The Aspinall Curzon.

10 1983 Profit

On the basis of the assumptions set out in Appendix III, the Directors estimate that the profit before tax of the Aspinall's Club Group for the year ended 30th September, 1983 was not less than £14·9 million. This includes the net gain on investments of £2·8 million, but does not include results of the zoo activities.

The pro-forma estimate of the profit of the Group for the year ended 30th September, 1983 is shown below:—

	£'000
Estimated profit before tax of the Aspinall's Club Group	14,960
Less: The net gain on investments	(2,827)
Profit before tax excluding the net gain on investments	12,133
Less: Taxation at 52 per cent.	(6,309)
Profit after tax excluding the net gain on investments	5,824
Earnings per share (fully taxed and on the basis of 52 million shares in issue)	11·2p

The net gain on investments is based on the realisation for £7·1 million of the assets held for sale indicated in Appendix II, namely certain listed securities and properties and the zoos. The above profit figures take no account of the amount by which income on surplus cash should exceed interest on loan stock issued in connection with the reorganisation.

11 Dividend Policy

If the Company's shares had been quoted throughout the year ended 30th September, 1983, the Directors would have recommended a dividend of 3·0p per ordinary share (equivalent with the related tax credit to a gross dividend of 4·28p per share), which would have cost £1·56 million and been covered 3.7 times by profit after tax.

It is expected that the first annual dividend will be paid by way of a single distribution in April 1985 in respect of the year ending 30th September, 1984, being the first period in respect of which statutory accounts will be prepared for the Company. Thereafter, as long as the Company's profits arise primarily from gaming, and owing to the possible volatility of such profits derived from high stake gaming, the Directors will follow a policy of paying a single annual dividend after the end of the Company's financial year. It is expected that the interim report of the results for the six month period ending 31st March, 1984 will be sent to shareholders in August, 1984.

12 Price Earnings Ratio and Dividend Yield

On the basis of the above earnings per share of the Group for the year ended 30th September, 1983 and the Offer for Sale price of 115p per share, the fully taxed price earnings ratio, excluding the net gain on investments, is 10.3.

The gross dividend yield at the Offer for Sale price based on a dividend per share of 3·0p, together with the related tax credit at the current rate, is 3.7 per cent.

13 Corporate Strategy

It is the intention of the Directors that the development of the Company will be both organic, as far as gaming activities are concerned, and by way of an acquisition policy to give the Company an element of diversification both within and outside the leisure industry. The Directors have no immediate acquisition in mind but they are likely to select businesses with a strong asset base.

The Company has a strong cash flow and the acquisition policy will take advantage of both the existing substantial cash balances and, when appropriate, the issue of further securities of the Company.

The Directors intend to pursue an active policy of cash management for the Group's surplus funds, including short term investment in securities and other markets whenever they consider opportunities exist, and will from time to time supplement those resources by the use of external borrowings.

14 Investment Risks

Intending investors should be aware of the special risks associated with investment in the gaming industry, and high stake gaming in particular, which may involve large swings in drop and in profit. Although the Directors intend to implement a policy of diversification, the gaming operations are dependent on the business being able to retain its gaming licence* and its appeal to the appropriate clientele. The Directors have no reason to believe that either of these factors constitute, at the present time, a substantial risk to the Group, but the gaming industry can be subject to legislative change and the club's clientele, many of whom come from overseas, may be affected by political or economic changes abroad. Up to now the number of members who play for high stakes has been fairly constant, but small. The appeal of Aspinall's Club to high stake players has been largely responsible for the growth in profitability, and the continuing patronage of such players will be important to the success of The Aspinall Curzon.

* See also Section (3) of this document which refers to The Gaming Act 1968.

APPENDIX I
Accountants' Report

The following is the text of the joint report to the partners of Kitcat & Aitken and Raphael, Zorn and to the Directors of the Company from Price Waterhouse and Touche Ross & Co.

Price Waterhouse,
Southwark Towers,
32 London Bridge Street,
London SE1 9SY

Touche Ross & Co.,
Hill House,
1 Little New Street,
London EC4A 3TR

1st November, 1983

The Partners
Kitcat & Aitken
Raphael, Zorn

The Directors
Aspinall Holdings p.l.c.

Gentlemen,

We report that Aspinall Holdings p.l.c. ("the Company") was incorporated on 10th August, 1983 and since that date no accounts have been prepared for presentation to the members and no dividends have been declared or paid.

In October, 1983, the Company acquired the whole of the issued share capital of Aspinall's Club Limited ("Aspinall's Club") and the whole of the issued share capital of Ultrabridge Limited whose principal asset consisted of £625,000 nominal of 15 per cent. Loan Stock of Aspinall's Club to which was attached a warrant entitling the holder to subscribe for 50 per cent. of the ordinary share capital of Aspinall's Club. The consideration consisted of the issue of an aggregate of £5 million 13½ per cent. Unsecured Loan Stock 1988/90, £350,000 13½ per cent. Unsecured Loan Stock 1988 and 52 million Ordinary shares of 10p each at par.

We have examined the accounts of Aspinall's Club and its subsidiaries (together called "the Aspinall's Club Group") for the period 1st October, 1978 to 30th June, 1983. We have been joint auditors of the Aspinall's Club Group since incorporation.

The financial information which is set out below is based on the audited accounts of the Aspinall's Club Group. They have been prepared under the historical cost convention, and are after making such adjustments to the audited accounts as we consider appropriate.

In our opinion the financial information set out below gives a true and fair view of:—

(a) the profit and source and application of funds of the Aspinall's Club Group for each of the four years ended 30th September, 1982 and the nine months ended 30th June, 1983, and

(b) the state of affairs of the Aspinall's Club Group at 30th June, 1983.

No audited accounts of the Aspinall's Club Group have been prepared in respect of any period subsequent to 30th June, 1983.

SUMMARY OF ACCOUNTING POLICIES

The following are the principal accounting policies adopted by the Aspinall's Club Group which have been used consistently in preparing the financial information set out in this report.

Consolidated accounts

Consolidated accounts of the Aspinall's Club Group have been prepared by including the results of the parent company and its subsidiaries excluding Howletts and Port Lympne Estates Limited ("Howletts"). The parent company's share of the losses of that subsidiary has been dealt with in the consolidated profit and loss account. Its assets and liabilities were not consolidated as, in the opinion of the directors, it would have been misleading because the activity of the subsidiary, which is zoo-keeping, was dissimilar to the activity of the rest of the group. At 30th June, 1983 this subsidiary was held as an asset for sale.

Turnover

Turnover represents the gross profit from gaming for the period, together with dining room and bar sales, house fees and members' subscriptions. Value added tax is excluded.

Uncleared gaming cheques

Full provision is made for all uncleared gaming cheques outstanding at the balance sheet date insofar as they have not been recovered by the date of signing the accounts.

Investments

Short term investments:
Short term investments, including such items as commodities, are shown at market value at the balance sheet date.

Long term investments:
Long term investments, such as equities, are stated at cost, subject to any provisions for permanent impairment.

Assets held for sale:
At 30th June, 1983, the long term investments and certain of the short term investments were held for sale and in these circumstances are shown separately in the balance sheet as assets held for sale. They are shown at their market value as at 30th June, 1983, plus deposits and accrued income, less related borrowings and accrued charges as at 30th June, 1983.

Investment properties:
Investment properties are stated at cost and will be subject to periodic professional valuations which will be incorporated into the accounts.

Fixed Assets and depreciation

Depreciation is provided on the cost of all fixed assets, except investment properties, to write off the cost by equal annual instalments over the estimated life of the asset. No depreciation is provided on the cost of the freehold property and improvements to the premises located in Mayfair which is being restored and has not yet been brought into use.

Rates applied are as follows:—

Freehold property and improvements	—2 per cent. per annum
Short term leasehold property and improvements	—over the remaining period of the lease
Other fixed assets	—10 per cent. to 25 per cent. per annum

Deferred taxation

Deferred taxation has been provided at the current rate of tax on differences arising from the inclusion of income and expenditure in taxation computations for periods different from those in which they are included in the accounts, except where the deferral of tax is expected to continue for the foreseeable future.

Inventories

Inventories consist of catering and bar stocks and are stated at the lower of cost and net realisable value.

Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Any profits or losses on translation are included in the profit before taxation.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

The results for the four years ended 30th September, 1982 and the nine months ended 30th June, 1983 are as follows:—

	Notes	9 months ended 30th June, 1983	Years ended 30th September, 1982	1981	1980	1979
		£'000	£'000	£'000	£'000	£'000
TURNOVER		14,940	15,941	7,114	3,059	4,109
Gaming licence duty		(3,176)	(2,971)	(682)	(44)	(35)
Other operating costs		(3,321)	(4,498)	(3,707)	(1,524)	(3,342)
OPERATING PROFIT		8,443	8,472	2,725	1,491	732
Net interest		367	508	(76)	(145)	(101)
Other net income/(expenditure)		464	109	(337)	(70)	(34)
		9,274	9,089	2,312	1,276	597
Gain (loss) on investments	1	3,014	(104)	—	—	—
		12,288	8,985	2,312	1,276	597
Subvention of losses of Howletts	2	(856)	(924)	(938)	(455)	(50)
PROFIT BEFORE TAX	3	11,432	8,061	1,374	821	547
Taxation	4	(5,500)	(3,959)	(1,032)	(492)	(231)
PROFIT AFTER TAX		5,932	4,102	342	329	316

CONSOLIDATED BALANCE SHEET

The consolidated balance sheet as at 30th June, 1983 is as follows:—

	Notes	30th June, 1983 £'000	£'000
FIXED ASSETS	5		5,042
INVESTMENT PROPERTY at Barnwood, Gloucester			1,860
CURRENT ASSETS			
Inventories		323	
Debtors and prepayments		2,236	
Investments		143	
Cash at bank and in hand		10,249	
		12,951	
CURRENT LIABILITIES			
Creditors and accruals		4,368	
Taxation		2,191	
Bank overdraft	6	2,665	
		9,224	
NET CURRENT ASSETS			3,727
ASSETS HELD FOR SALE			
Howletts	7	1,333	
Other investments	7	5,157	
			6,490
TAXATION PAYABLE AFTER 1 YEAR			(5,068)
			12,051
CAPITAL EMPLOYED			
Share capital	8		10
Reserves			10,636
Shareholders' funds			10,646
Loan capital	9		625
Deferred taxation	10		780
			12,051

CONSOLIDATED SOURCE AND APPLICATION OF FUNDS

The consolidated source and application of funds statement for the four years ended 30th September, 1982 and the nine months ended 30th June, 1983 are as follows:—

	Nine months ended 30th June, 1983 £'000	Years ended 30 September 1982 £'000	1981 £'000	1980 £'000	1979 £'000
FUNDS GENERATED FROM OPERATIONS					
Profit before tax	11,432	8,061	1,374	821	547
Items not involving movement of funds:					
Amortisation and depreciation	169	197	129	93	71
Revaluation of assets held for sale	(2,339)	—	—	—	—
Changes in working capital	(948)	1,035	1,069	(81)	(386)
Net movement on funds from operations	8,314	9,293	2,572	833	232
TAXATION (PAID)/REPAID	(2,080)	(1,117)	259	—	—
FUNDS APPLIED IN PURCHASE OF ASSETS					
Purchase of investments	(1,814)*	(2,405)	—	—	—
Purchase of fixed assets	(3,727)	(669)	(528)	(33)	(486)
Acquisition of subsidiaries	—	—	(380)	—	(670)
	(5,541)	(3,074)	(908)	(33)	(1,156)
Net movement on funds	693	5,102	1,923	800	(924)
Represented by:					
Increase (decrease) in bank and cash	1,234	7,147	1,361	223	(15)
(Increase) decrease in overdrafts and short term loans	(541)	(2,045)	(63)	627	(334)
(Utilisation) repayment of gaming guarantee facility	—	—	625	(50)	(575)
	693	5,102	1,923	800	(924)

*Purchase of investments includes £21,602,000 of U.S. Treasury Notes after deducting matched financing comprising £20,654,000 U.S. dollar loans.

NOTES TO THE ACCOUNTS

1. Gain/(loss) on investments

The gain/(loss) on investments is made up as follows:—

	9 months ended 30th June, 1983 £'000	Year ended 30th September, 1982 £'000
Gain on the restatement of assets held for sale (see note 7):		
—Shares in General Oriental Limited	2,996	—
—Other investments	(495)	—
—Howletts	—	—
	2,501	—
Gain/(loss) on investments sold	238	(104)
Gain on investment returned	275	—
	3,014	(104)

2. Subvention of losses of Howletts

The losses of Howletts have been reimbursed by means of payment for group relief at a rate of 100 per cent. of the available loss as computed for taxation as follows:—

	Nine months ended 30th June, 1983 £'000	Years ended 30th September, 1982 £'000	1981 £'000	1980 £'000	1979 £'000
Group relief—current year	764	924	885	455	50
—prior year	92	—	53	—	—
	856	924	938	455	50

3. Profit before tax

Profit before tax is arrived at after (charging)/crediting:—

	Nine months ended 30th June, 1983 £'000	Years ended 30th September, 1982 £'000	1981 £'000	1980 £'000	1979 £'000
Depreciation and amortisation	(169)	(197)	(129)	(93)	(71)
Interest payable	(86)	(109)	(110)	(145)	(101)
Interest receivable	453	617	34	—	—

Other net income (expenditure) comprises a variety of items including rental income, currency movements, inter-company charges, other fees and costs.

4. Taxation

The charge for taxation in the profit and loss account is made up as follows:—

	Nine months ended 30th June, 1983 £'000	Years ended 30th September, 1982 £'000	1981 £'000	1980 £'000	1979 £'000
UK corporation tax at 52 per cent.					
—On profit for the year	4,465	3,815	1,174	448	210
—Adjustment to prior years	(108)	29	(202)	—	—
—Provision for tax on assets held for sale	603	—	—	—	—
Deferred taxation					
—Current year	550	125	34	44	21
—Prior year	(10)	(10)	26	—	—
	5,500	3,959	1,032	492	231

5. Fixed assets

Fixed assets of the Aspinall's Club Group comprised:—

	Cost £'000	Accumulated depreciation £'000	Net book value 30th June, 1983 £'000
Freehold property and improvements	4,058	—	4,058
Short term leasehold property and improvements	772	372	400
Other fixed assets	1,219	635	584
	6,049	1,007	5,042

Other fixed assets comprised furniture, antiques, paintings, gaming equipment and motor vehicles.

6. Bank overdraft

The bank overdraft was, at 30th June, 1983, partly secured by charges over certain of the freehold and leasehold properties and was guaranteed by Howletts.

7. Assets held for sale

Howletts

At 30th June, 1983 Aspinall's Club owned 100 per cent. of the preference share capital and 87.6 per cent. of the ordinary share capital of its subsidiary company, Howletts, which was not consolidated. The interest of Aspinall's Club in Howletts was as follows:—

	£'000	£'000
Investment in shares at cost		721
Loan due from subsidiary	1,376	
Amount owing to subsidiary in respect of group relief surrendered	(764)	612
		1,333

Aspinall's Club has not received any income from its investment in the share capital of Howletts since its incorporation.

Based on the accounts of Howletts at 30th June, 1983, the underlying net assets attributable to Aspinall's Club's combined interest in both the ordinary and preference share capital of that company amounted to £665,000. The auditors of Howletts have been unable to form an opinion on the directors' valuation of animals included in the accounts for the four years ended 30th September, 1982 and the resultant effects, if any, on the reserves for those years.

Since 30th June, 1983 Aspinall's Club has made additional funds available to Howletts. On 29th September, 1983 Mr. J. V. Aspinall agreed to acquire Howletts for its book value in the accounts of Aspinall's Club at that date of £2·22 million. Settlement of the sale is due on 11th November, 1983.

Other Investments

	Cost £'000	£'000	Valuation 30th June, 1983 £'000	£'000
Investments listed on stock exchanges outside the U.K.:—				
General Oriental Limited (representing 0.78 per cent. of the equity)		915		3,911
US Treasury Notes	21,602		20,732	
Less: US dollar loans	(20,654)	948	(20,430)	302
Other listed investments held for sale		311		381
Properties held for sale		482		563
		2,656		5,157

The listed investments and properties were sold at market value before 30th September, 1983. Of these, *inter alia*, 50 per cent. of the General Oriental Limited shares was sold to Mr. J. V. Aspinall and the remaining 50 per cent. was sold to Ultrabridge Holdings Limited. The aggregate consideration for the listed investments and the properties sold to Mr. J. V. Aspinall and Ultrabridge Holdings Limited was £4.88 million. Settlement of these sales is due on 11th November, 1983.

All of the sales to Mr. J. V. Aspinall are conditional upon permission for the Company's shares to be dealt in the Unlisted Securities Market being granted by 10th November, 1983.

8. Share capital

Share capital at 30th June, 1983 comprised:—

	£'000
Authorised:	
10,000 "A" Ordinary Shares of £1 each	10
10,000 "B" Ordinary Shares of £1 each	10
	20
Issued and fully paid:	
10,000 "A" Ordinary Shares of £1 each	10

9. Loan capital

Loan capital consisted of 15 per cent. Unsecured Loan Stock 1988 (issued on 30th May, 1978) and was held by Ultrabridge Limited, which at 30th June, 1983 was a subsidiary of General Oriental Limited. The loan stock has attached a warrant which entitles the bearer at any time before 12th May, 1988 to subscribe for 50 per cent. of the ordinary share capital of Aspinall's Club for £625,000 subject to the consent of The Gaming Board for Great Britain.

10. Deferred taxation

An analysis of the deferred taxation as at 30th June, 1983 is as follows:—

	Full potential liability £'000	Provided £'000
Capital allowances claimed in excess of depreciation charged	640	215
Short term timing differences	565	565
	1,205	780

11. Dividends

No dividends were recommended or paid in respect of any of the four years ended 30th September, 1982 or the nine months ended 30th June, 1983.

12. Capital commitments

At 30th June, 1983 there were capital commitments authorised of £3,213,000 of which £3,193,000 related to the freehold property in Mayfair. Of the £3,213,000, the amount contracted for but not yet paid was £2,682,000.

13. Contingent liabilities

Ultrabridge Holdings Limited (guaranteed by Sir James Goldsmith) and Mr. J. V. Aspinall have each agreed to indemnify the Company and Aspinall's Club against any loss suffered in the event of certain claims for group tax relief in respect of periods between 1st October, 1980 and 31st August, 1983 in respect of the losses of Howletts not being allowed by the Inland Revenue, liability under the indemnity being on a several basis as to 50 per cent. for each party.

14. Subsequent events

In July, 1983 Aspinall's Club obtained a 15 year mortgage of £1.1 million secured on the investment property at Barnwood, Gloucester. The proceeds have been used to increase liquid funds. In addition a further $10 million U.S. Treasury Note was purchased and was financed by a matching U.S. dollar loan.

All assets held for sale were sold at market value before 30th September, 1983. U.S. Treasury Notes of $41 million nominal were acquired on 3rd October, 1983 and were financed by matching U.S. dollar loans.

15. Current cost accounts

The effect of adjusting the historical cost accounts to the current cost basis in accordance with the Statement of Standard Accounting Practice No. 16 is not considered significant.

Yours faithfully,

PRICE WATERHOUSE
Chartered Accountants.

TOUCHE ROSS & CO.
Chartered Accountants.

APPENDIX II
Pro-Forma Balance Sheet at 30th September, 1983

The following is a pro-forma balance sheet of the Group as at 30th September, 1983 reflecting:—

(i) The issue of shares of the Company to General Oriental Limited shareholders in exchange for their 100 per cent. holding in Ultrabridge Limited, which owns 100 per cent. of the loan stock in Aspinall's Club.

(ii) The issue of shares and loan stock of the Company to Mr. J. V. Aspinall in exchange for his 100 per cent. holding in Aspinall's Club.

(iii) The costs associated with the capital reorganisation and the Offer for Sale to be borne by the Company.

(iv) The consolidated balance sheet of Aspinall's Club as at 30th June, 1983 adjusted for:—

(a) Trading and the related taxation for the three months ended 30th September, 1983.

(b) Sale of assets held for sale.

(c) Increase in liquid funds from additional long term borrowings.

(d) Further restoration costs of the property located in Mayfair.

	£'000	£'000
FIXED ASSETS		5,847
INVESTMENT PROPERTY at Barnwood, Gloucester		1,860
CURRENT ASSETS		
Inventories	400	
Debtors and prepayments	472	
Investments	168	
Proceeds of assets sold receivable on 11th November, 1983	7,096	
Cash at bank and in hand	11,872	
	20,008	
CURRENT LIABILITIES		
Creditors and accruals	6,070	
Taxation	9,046	
	15,116	
NET CURRENT ASSETS		4,892
TAXATION PAYABLE AFTER 1 YEAR		(478)
		12,121
CAPITAL EMPLOYED		
Share capital		5,200
Distributable reserves		441
Shareholders' funds		5,641
Loan capital		6,100
Deferred taxation		380
		12,121

Notes:—

(i) On 24th October, 1983 the Company issued 26 million shares of 10p each at par to the shareholders of General Oriental Limited in exchange for its investment in Ultrabridge Limited. At 30th September, 1983 Ultrabridge Limited had net assets amounting to £629,000, comprising mainly the £625,000 loan stock of Aspinall's Club.

(ii) On 24th and 25th October, 1983 the Company issued 26 million shares of 10p each at par, £5 million 13½ per cent. Unsecured Loan Stock 1988/90 and £350,000 13½ per cent. Unsecured Loan Stock 1988 to Mr. J. V. Aspinall in exchange for the whole of the issued share capital of Aspinall's Club; the latter stock was subsequently acquired in part settlement for the sale of assets in (iv) (b) below.

(iii) The costs associated with the capital reorganisation and Offer for Sale amount in total to approximately £850,000.

(iv) The consolidated balance sheet of Aspinall's Club at 30th September, 1983 is based on the balance sheet at 30th June, 1983 adjusted to include the increase in net assets for the additional three months' trading together with other significant balance sheet movements. These comprise:—

(a) Increase in reserves amounting to £566,000 arising from trading profit for the three months ended 30th September, 1983, investment transactions in that period, subventions to Howletts which have now ceased and taxation.

(b) Sale of the shares in General Oriental Limited and other investments held for sale for a total consideration of £4,875,000 to be settled on 11th November, 1983, together with the sale of the interest in Howletts and Port Lympne Estates Limited for a consideration of £2,221,000 to be settled on 11th November, 1983, making a total of £7,096,000.

(c) Borrowings of £1,100,000 repayable over 15 years secured on the investment property.

(d) Further costs of restoration of the freehold property located in Mayfair amounting to some £806,000 in the three months ended 30th September, 1983.

(v) U.S. Treasury Notes for $41 million nominal were acquired on 3rd October, 1983 and were financed by matching U.S. dollar loans. This transaction has not been reflected in the above pro-forma balance sheet.

APPENDIX III
Profit Estimate Assumptions and Letters

1. Assumptions

The estimate of profit before tax of Aspinall's Club and its subsidiaries, not including the zoo activities, for the year ended 30th September, 1983, as shown in section (10), is based on the audited accounts for the nine months ended 30th June, 1983 and the unaudited management accounts for the three months ended 30th September, 1983. The estimate is made on the basis that account is taken only of monies received up to 21st October, 1983 in respect of uncleared gaming cheques at 30th September, 1983 and on the principal assumption that the sale of the assets held for sale prior to 30th September, 1983, which is conditional upon permission for the Company's shares to be dealt in on the Unlisted Securities Market being granted by 10th November, 1983, is completed.

2. Letters

Price Waterhouse,
Southwark Towers,
32 London Bridge Street,
London SE1 9SY.

Touche Ross & Co.,
Hill House,
1 Little New Street,
London EC4 3TR.

1st November, 1983

The Directors
Aspinall Holdings p.l.c.

Dear Sirs,

We have reviewed the accounting policies and calculations for the estimate of profit before taxation of Aspinall's Club Limited ("Aspinall's Club") and its subsidiaries, not including Howletts and Port Lympne Estates Limited, for the year ended 30th September, 1983. This estimate, which is set out in the Offer for Sale of Aspinall Holdings p.l.c. ("the Company") dated 1st November, 1983 and for which the Directors of the Company are solely responsible, is based on the audited accounts for the nine months ended 30th June and the unaudited management accounts for the three months ended 30th September, 1983.

ASPINALL

Aspinall Holdings p.l.c.

Details of Principal Properties

APPENDIX IV

Details of the principal properties held by the Group at 30th September, 1983 are shown below:—

Property	Description	Tenure	Terms of existing tenancies
GAMING PROPERTIES (a) in Knightsbridge	An end of terrace late Victorian building, arranged on basement, ground and four upper floors, with basement to first and part second floors used as a gaming club and with planning consent for residential accommodation on the remainder of the second and third and fourth floors. Total net floor area is 3,330 sq. ft.	Leasehold—held for a term expiring on the 29th September, 1986, at a fixed rent of £100 per annum exclusive.	None
	A late Victorian building adjacent to the above mentioned property arranged on basement, ground and five upper floors, providing office accommodation on basement to first floors. The total area of the office accommodation is approximately 2,350 sq. ft. and the residential accommodation 2,100 sq. ft.	Leasehold—held for a term expiring on the 29th September, 1986, at a fixed rent of £295 per annum exclusive.	The third and fourth floors are subject to regulated residential tenancies at registered rents of £150 per month in respect of the third floor flat and £154 per month in respect of the fourth floor flat. In each case, the tenant is responsible for payment of rates and the rent is inclusive of services provided by the landlord. The net annual rents receivable total £3,000.
(b) in Mayfair	Two intercommunicating period buildings, originally constructed as large Georgian town houses, together with mews buildings at the rear. The ground and first floors of the main building will be used for gaming and restaurant purposes, with private gaming rooms on the second floor and ancillary office, kitchen, residential and garage accommodation in the remainder of the premises. The total net floor area is about 21,500 sq. ft.	Freehold—except one of the mews buildings which is leasehold, held for 99 years from 25th December, 1982 at a peppercorn rent.	None
INVESTMENT PROPERTY The Barnwood Industrial Estate, Barnet Way, Gloucester.	A modern warehouse and distribution depot providing 50,000 sq. ft. on a site of approximately 3.765 acres. The property is of recent construction and built to a very high standard.	Freehold.	The property is let to United Biscuits (UK) Limited for a term of 25 years, from the 29th September, 1982, on full repairing and insuring terms, and with upward only rent reviews at each 5th year. The net annual rent receivable is £125,000.

On the basis of this review, which did not constitute an audit, in our opinion the estimate, so far as the accounting policies and calculations are concerned, has been properly compiled on the footing of the assumption made by the Directors of the Company as set out in the Offer for Sale of Aspinall Holdings p.l.c. dated 1st November, 1983 and is presented on a basis consistent with accounting policies normally adopted by Aspinall's Club and its subsidiaries.

Yours faithfully,

PRICE WATERHOUSE, *Chartered Accountants* — TOUCHE ROSS & CO., *Chartered Accountants*

Kitcat & Aitken,
The Stock Exchange,
London EC2N 1HB.

Raphael, Zorn,
10 Throgmorton Avenue,
London EC2N 2DP.

1st November, 1983

The Directors
Aspinall Holdings p.l.c.

Dear Sirs,

We have discussed with yourselves and with Price Waterhouse and Touche Ross & Co. the estimate of profit before taxation for the year ended 30th September, 1983 of Aspinall's Club Limited and its subsidiaries, not including Howletts and Port Lympne Estates Limited, and the principal assumption on which it is based, as set out in the Offer for Sale of Aspinall Holdings p.l.c. dated 1st November, 1983. We consider that the profit estimate for which you, as Directors, are solely responsible has been made after due and careful enquiry.

Yours faithfully,

KITCAT & AITKEN — RAPHAEL, ZORN

APPENDIX V

A Glossary of Terms Relating to Casino Activities

Backgammon
A game both of skill and chance for two players whereby each player tries to get all his pieces off the board before his opponents. Dice are used to determine how often and to what extent pieces are hindered or advanced. Backgammon is often played as a "cardroom" game in casinos.

Blackjack
belongs to the family of card games which include baccarat, chemin-de-fer and punto banco. Blackjack is a house banker game. The object is to assemble cards totalling as nearly as possible up to the number 21. It is a game in which the player is capable of exercising a significant degree of skill and is one which is played in most British casinos.

Cardroom Games
These are games of equal chance such as poker, bridge or kalooki which are often played in casinos. The house takes no part in these games but may set aside a room for them and may make a sessional charge.

Craps
A house banker game played with two dice. This game is permitted in British casinos but is one of the less popular games.

Drop
The money that players in a casino exchange for chips to enable them to participate in the gaming.

Edge
The margin by which odds in house banker games are set in favour of the house. The edge which the house enjoys in a particular game depends on the rules by which the game is played. Rules for banker games permitted in British casinos are prescribed in regulations made under the Gaming Act 1968.

House
The proprietor of a casino. In a house banker game the term describes the proprietor of a casino or a croupier or dealer acting as his representative who is participating as a banker.

House banker games
Games involving staking against a bank held by the house. Most house banker games including blackjack, roulette and punto banco, provide the bank with an edge over the other players and are therefore not games of equal chance.

Punto banco
belongs to the family of card games which include baccarat, blackjack and chemin-de-fer. It is a house banker game the object of which is to assemble cards totalling as near as possible to the target of 9.

Roulette (American and French)
A house banker game in which players bet on which number or numbers from 0 to 36 will be chosen at random on a spin of a roulette wheel. Players have several different sorts of bet available which pay out at different odds. The banker's edge derives from the fact that the odds paid on winnings are calculated as if there were no zero on the table and are therefore less than the true odds. There are two versions of roulette played in Britain—American roulette and French roulette. The former is much more common than the latter in British casinos. The rules of the two versions are identical but American roulette proceeds at a faster pace and dispenses with the French terminology.

APPENDIX VI

Statutory and General Information

A. THE COMPANY AND ITS SHARE CAPITAL

1. The Company was incorporated in England on 10th August, 1983 as a private company (Number 1745060) under the name of Castpace Limited with limited liability under the Companies Acts 1948 to 1981 with an authorised share capital of £100 divided into 100 Ordinary Shares of £1 each. It is the holding company of the various subsidiaries in the Group listed in paragraph C below.

2. (i) By resolutions passed at an Extraordinary General Meeting of the Company held on 21st September, 1983:—
   (a) the share capital of the Company was sub-divided into Ordinary Shares of 10p each; and
   (b) the authorised share capital was increased to £5.2 million by the creation of 51,999,000 new Ordinary Shares of 10p each and the Directors were authorised to allot and issue 26 million Ordinary Shares of 10p each credited as fully paid to Mr. J. V. Aspinall, pursuant to the Agreements referred to in paragraph F below, and 26 million Ordinary Shares of 10p each credited as fully paid to the shareholders of Ultrabridge Investments (1983) Limited pursuant to the Agreement mentioned in paragraph F below.

   (ii) By resolutions passed at an Extraordinary General Meeting of the Company held on 21st October, 1983:—
   (a) the authorised share capital was further increased to £10 million by the creation of 48 million new Ordinary Shares of 10p each; and
   (b) new Articles of Association of the Company were adopted.

   (iii) By a resolution passed at an Extraordinary General Meeting of the Company held on 24th October, 1983, the Memorandum of Association of the Company was altered so as to enable it to be re-registered as a public company.

3. Under the new Articles of Association of the Company the Directors are authorised:—
   (i) unconditionally for the purposes of Section 14 of the Companies Act 1980 to allot further shares up to a maximum nominal amount of £4,800,000 at any time or times before 20th October, 1988, or the date of the Annual General Meeting of the Company to be held in 1988 if earlier; and
   (ii) to allot shares of the Company pursuant to the authority conferred by paragraph (i) above as if Section 17(1) of the Companies Act 1980 did not apply but this power is limited to:—
      (a) the allotment of equity securities in connection with a rights issue in favour of holders of Ordinary Shares where the equity securities attributable to the holders of all the Ordinary Shares are proportionate (as nearly as may be) to the numbers of Ordinary Shares held by them; and
      (b) otherwise than pursuant to (a) the allotment of equity securities up to an aggregate nominal amount of £500,000 at any time or times before 20th October, 1988, or the date of the Annual General Meeting of the Company to be held in 1988 if earlier.

4. The Company was re-registered as a public company under the name of Aspinall Holdings public limited company on 26th October, 1983.

5. The total issued share capital of the Company currently comprises 52 million Ordinary Shares of 10p each. There is no present intention to issue any of the authorised but unissued share capital and without the prior approval of shareholders in General Meeting no material issue of shares (other than to holders of Ordinary Shares *pro rata* to their existing holdings) will be made within one year from the date of this Prospectus and no issue of shares will be made which would effectively alter the control of the Company or the nature of its business.

6. Save as aforesaid, there has been no alteration to the share capital of the Company within the two years preceding the date of this Prospectus.

B. THE £5 MILLION 13½ PER CENT. UNSECURED LOAN STOCK 1988/90

The £5 million nominal 13½ per cent. Unsecured Loan Stock 1988/90 (the "Stock") of the Company was created by a resolution of the Directors on 24th October, 1983 and is constituted by an Instrument of the Company dated 24th October, 1983, which contains no restrictions on the amount of borrowings (secured and unsecured) by the Company or on disposals of assets by the Company or on a change in the nature of the business of the Company but contains provisions, *inter alia*, to the following effect:—

1. **Interest**
The Company shall pay to the Stockholders by two equal half yearly instalments on 31st March and 30th September in each year interest at the rate of 13½ per cent. per annum. The first payment of interest will be made on 31st March, 1984 in respect of the period from 1st October, 1983 to 31st March, 1984 (both dates inclusive).

2. **Redemption and Purchase**
   (a) The Company or any subsidiary may at any time purchase Stock in the open market or by tender available to all Stockholders alike or by private treaty at any price (exclusive of expenses and/or accrued interest) not exceeding £110 per £100 nominal of Stock but not otherwise.
   (b) The Company shall redeem at par, together with accrued interest, one third of the nominal amount of the Stock on 30th September in each of the years 1988 to 1990 inclusive. The Company shall be entitled to credit at par Stock previously purchased in accordance with 2(a) above (notwithstanding prior cancellation) in satisfaction of this obligation, which will otherwise be satisfied by redemption at par of Stock (to be selected by drawings).
   (c) All Stock purchased or redeemed in accordance with any of the above provisions shall be cancelled forthwith and may not be re-issued or resold.
   (d) Whenever a drawing of Stock for repayment is required, such drawing shall be made in lots not exceeding £100 in such manner and at such place as the Company's solicitors may approve as appropriate and fair for selecting the amount of Stock required to be drawn.

3. **Events of Default**
The Instrument contains usual provisions relating to events of default and upon the occurrence of such an event, upon the request in writing of the registered holders of at least three fourths in nominal amount of the Stock, or upon the passing of an Extraordinary Resolution by Stockholders (as defined in the Instrument), the Stock shall be immediately repayable, together with unpaid interest, if any, accrued thereon.

4. **Transfer**
The Stock is registered and transferable in amounts or multiples of £1.

5. **Constitution of Additional Unsecured Loan Stock**
Power is reserved to the Company to create and issue additional Unsecured Loan Stock, whether identical in all respects with the Stock or having attached thereto such other provisions and conditions as the Directors may at the time of the issue thereof determine, and such additional Unsecured Loan Stock may be constituted by an Instrument expressed to be supplemental to the Instrument.

6. **Modification of Rights**
The provisions of the Instrument and the rights of the Stockholders are subject to modification or compromise in any respect with the sanction of an Extraordinary Resolution of the Stockholders as provided for in the Instrument.

7. **Designation of Stock**
The Stock is known as "13½ per cent. Unsecured Loan Stock 1988/90".

No application is being made for permission to deal in the Stock in the Unlisted Securities Market.

C. SUBSIDIARIES

There are set out below details of the subsidiaries of the Company, all of which are wholly owned:—

Name	Issued and fully paid Share Capital	Nature of business	Date of Incorporation
Aspinall's Club Limited	£20,000	Trading	25th May, 1977
The Aspinall Curzon Limited	£500,000	Trading	13th July, 1981
Multi-Proprium Limited	£2	Property holding	21st January, 1981
Ultrabridge Limited	£606,985	Investment holding	16th October, 1980
Curzon House Club Limited	£1,000	Dormant	2nd May, 1962

All the subsidiaries are private companies, registered in England.

D. DIRECTORS' AND OTHER INTERESTS

(a) The number of Ordinary Shares sold by each Director and his family interests, all of which were held beneficially, and the number of Ordinary Shares of the Company to be held beneficially by them immediately after this Offer for Sale are and will be as follows:—

Name	Sold	Number of Shares to be held immediately after Offer for Sale	Per cent. of Issued Capital after Offer for Sale
R. N. D. Langdon	—	—	—
J. V. Aspinall	5,200,000	20,921,312	40.2
Sir James Goldsmith*	2,600,000	20,901,812	40.2
The Earl of Derby	—	—	—
D. A. Franklin	—	—	—
J. F. Osborne	—	3,250	—

*All of Sir James Goldsmith's interests are held through Ultrabridge Holdings Limited, a company wholly owned by him.

In addition, certain of the Directors intend to apply for an aggregate of 235,000 Ordinary Shares pursuant to this Offer for Sale. The Earl of Derby has option rights to acquire 50,000 Ordinary Shares in the Company from each of Mr. J. V. Aspinall and Ultrabridge Holdings Limited at 115p per share exercisable by 31st October, 1984.

Save as disclosed above, the Directors are not aware of any other shareholding which, immediately after this Offer for Sale, will amount to 5 per cent. or more of the issued share capital of the Company.

Mr. J. V. Aspinall is beneficially interested in the whole of the outstanding £5 million 13½ per cent. Unsecured Loan Stock 1988/90 of the Company and, subject to the conditional contract referred to in paragraph F (d) below, £350,000 13½ per cent. Unsecured Loan Stock 1988 of the Company.

(b) There are no existing or proposed service agreements between any of the Directors of the Company and the Company. The aggregate emoluments of those of the present Directors who were directors of Aspinall's Club Limited at 30th September, 1983, excluding pension contributions, in respect of the financial year ended 30th September, 1983 was £210,957. The aggregate emoluments of the Directors of the Company in respect of the current financial year of the Company ending on 30th September, 1984 will, under the arrangements in force at the date of this Offer for Sale, be approximately £230,000, excluding pension contributions.

(c) The following transactions have taken place between Directors and companies in the Group since 31st October, 1981:—
   (i) During the year ended 30th September, 1982 Aspinall's Club Limited purchased from Mr. J. V. Aspinall at market values chattels for £33,000 and paid £8,000 rental for certain furniture.
   (ii) On 21st December, 1982 Aspinall's Club Limited agreed to sell 5,000 shares in General Oriental Limited to Mr. J. F. Osborne for £5,000 in cash.
   (iii) The several contracts mentioned in notes (a) to (g) inclusive of paragraph F set out below.

Following payment for the various assets acquired to be made on 11th November, 1983 out of the sale proceeds of this Offer for Sale, neither Mr. J. V. Aspinall nor Sir James Goldsmith nor Ultrabridge Holdings Limited will be indebted for any monies to the Company or any other company in the Group.

Save as aforesaid, no Director has, or has had, any interest in any assets which, within two years before the date of this Offer for Sale, have been or are proposed to be acquired or disposed of by or leased to the Company or any of its subsidiaries and no contract or arrangement at present exists in which a Director is materially interested which is significant in relation to the business of the Group taken as a whole.

E. ARTICLES OF ASSOCIATION

The Articles of Association of the Company contain provisions, *inter alia*, to the following effect:—

Share Capital
The authorised share capital of the Company is £10,000,000 divided into 100,000,000 Ordinary Shares of 10p each. Subject to the provisions of the Companies Acts 1948 to 1983 and of any resolution of the Company in general meeting, the issue of shares is at the discretion of the Directors.

Share Rights
The rights attached to any class of shares may be varied or abrogated either with the consent in writing of the holders of three-fourths in value of the issued shares of the relevant class or with the sanction of an Extraordinary Resolution passed at a separate General Meeting of the holders of the shares of that class.

Voting Rights
Every shareholder who (being an individual) is present in person or (being a corporation) is present by representative or proxy not being himself a member shall have one vote, and on a poll every member present in person or by proxy shall have one vote for every share held by him.

Directors
(a) The ordinary remuneration of the Directors shall be such sum as may from time to time be determined by the Directors subject to any limit imposed by Ordinary Resolution of the Company and shall accrue on a day to day basis. The Directors shall be entitled to be paid all expenses properly incurred by them in attending meetings of the Board or Committees of the Board or general meetings or otherwise in or about the business of the Company. Any Director who performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director shall be entitled to such extra remuneration as the Board may determine.
(b) The Board may from time to time appoint one or more of their number to be the holder of any executive office on such terms as they may determine. The remuneration of an Executive Director (including the Chairman) shall be fixed by the Board.
(c) The Directors shall have power to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director or ex-Director and for the purpose of providing any such pensions or other benefits to contribute to any scheme or fund or to pay premiums.
(d) A Director may not vote or be counted in a quorum in respect of any contract transaction arrangement or proposal in which he has a material interest, but this prohibition does not apply to:—
   (i) the giving to any Director of any security or indemnity in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiaries;
   (ii) the giving of any security to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
   (iii) any contract by a Director to underwrite shares or debentures or other securities of the Company or any of its subsidiaries;
   (iv) any proposal concerning any other company in which he is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever, provided that he (together with persons connected with him within the meaning of Section 64 of the 1980 Act) is not the holder of or beneficially interested in 1 per cent. or more of the issued shares of any class of the equity share capital of any such corporation (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed for the purpose of this Article to be a material interest in all circumstances);
   (v) any proposal concerning the adoption, modification or operation of a superannuation fund or retirement benefits scheme under which he may benefit and which has been approved by or is subject to and conditional upon approval by the Board of the Inland Revenue for taxation purposes;
   (vi) any proposal concerning the adoption, modification or operation of an employees' share scheme or any employees' incentive or share option scheme under which he may benefit and which relates both to Directors and employees and does not accord to any Directors any privilege or advantage not generally accorded to the employees to whom such scheme relates, other than the allocation to him of any share or the grant to him of any option over any share or any other matter concerning his individual participation in any such scheme.
(e) A Director may himself or by his firm act in a professional capacity for the Company (otherwise than as auditor) and shall be entitled to remuneration for professional services as if he were not a Director.
(f) A Director shall not be required to hold any shares of the Company by way of qualification.
(g) The provisions regarding retirement of Directors under an age limit referred to in Section 185 of the Companies Act 1948 will apply to the Company.

Borrowing Powers
The Directors may exercise all the powers of the Company to borrow money but shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries so as to secure (but as regards subsidiaries only in so far as by the exercise of such rights or powers of control the Directors can secure) that the aggregate amount for the time being remaining outstanding of all monies borrowed (as such expression is defined in the Articles) by the Group and owing to persons outside the Group shall not at any time without the previous sanction of an Ordinary Resolution of the Company exceed the greater of £50,000,000 or a sum equal to 5 times the aggregate of:—
(a) the amount paid up of the issued share capital of the Company; and
(b) the amount standing to the credit of reserves of the Group, including any share premium account, capital redemption reserve fund and the amount standing to the credit of the profit and loss account (all as shown by the latest audited balance sheet of the Group but adjusted as more particularly set out in the Articles).

F. MATERIAL CONTRACTS

The following contracts, not being contracts in the ordinary course of business, have been entered into within two years prior to the date hereof and are or may be material:—
(a) the Offer for Sale Agreement dated 1st November, 1983 between Mr. J. V. Aspinall and Ultrabridge Holdings Limited ("the Vendors") (1), Sir James Goldsmith (2), the Directors (3), Kitcat & Aitken and Raphael, Zorn ("the Brokers") (4), and the Company (5) being the agreement referred to in paragraph G below and a Deed of Indemnity dated 1st November, 1983 between Mr. J. V. Aspinall (1), Ultrabridge Holdings Limited (2), Sir James Goldsmith (3), the Company (4) and the Brokers (5) which is also referred to in paragraph G below;
(b) the Undertakings each dated 28th October, 1983 from Ultrabridge Holdings Limited (guaranteed by Sir James Goldsmith) and from Mr. J. V. Aspinall to The Gaming Board for Great Britain and to the Company in relation to the disposal of shares in the Company following this Offer for Sale;
(c) the three Agreements, two of which are dated 24th October, 1983 and the third dated 25th October, 1983, between the Company and Mr. J. V. Aspinall for the purchase of the whole of the issued share capital of Aspinall's Club Limited in exchange for an aggregate of 26 million Ordinary Shares of 10p each credited as fully paid, £5 million nominal of 13½ per cent. Unsecured Loan Stock 1988/90 and £350,000 nominal of 13½ per cent. Unsecured Loan Stock 1988 of the Company;
(d) the conditional agreement dated 26th October, 1983 between Aspinall's Club Limited and Mr. J. V. Aspinall for the purchase by Aspinall's Club Limited of £350,000 nominal of 13½ per cent. Unsecured Loan Stock 1988 of the Company from Mr. J. V. Aspinall at par;
(e) the Agreement dated 29th September, 1983 between Aspinall's Club Limited and Mr. J. V. Aspinall for the conditional purchase by Mr. J. V. Aspinall of the whole of Aspinall's Club Limited's interest in Howletts and Port Lympne Estates Limited for £2,221,000 in cash. The sale price represents the book value of the investment in Howletts and Port Lympne Estates Limited and is regarded by the Directors as being not less than the open market value of the shares;
(f) the Agreement dated 29th September, 1983 between Mr. J. V. Aspinall and Aspinall's Club Limited for the conditional purchase by Mr. J. V. Aspinall of the freehold of 1 Lyall Street, London S.W.1, and the leasehold of Flat D, 1 Bina Gardens, London S.W.7, for £562,500 in cash. The sale price represents the open market value of these properties;
(g) the Agreements each dated 29th September, 1983 between Aspinall's Club Limited and each of Mr. J. V. Aspinall and Ultrabridge Holdings Limited for the conditional purchase by Mr. J. V. Aspinall and the unconditional purchase by Ultrabridge Holdings Limited of an aggregate of 810,500 shares in the capital of General Oriental Limited and 28,000 shares in the capital of Calmar Inc. for an aggregate consideration of £4,305,340 in cash. This figure is the aggregate current market value of those shares based on the middle market prices on the London and New York Stock Exchanges respectively on 28th September, 1983, and the middle market rate of exchange of U.S. dollars into sterling on the same date;
(h) the Agreement dated 22nd September, 1983 between the Company and Ultrabridge Investments (1983) Limited ("UIL") for the purchase of the whole of the business and undertaking of UIL in consideration of the assumption by the Company of all liabilities of UIL and the issue credited as fully paid of 26 million Ordinary Shares of 10p each direct to the shareholders of UIL and the Warranty Agreement dated 31st October, 1983 between the Company and General Oriental Limited containing certain warranties in relation to the assets and liabilities of UIL and its subsidiary Ultrabridge Limited in favour of the Company; and
(i) the Agreement dated 29th September, 1982 between Aspinall's Club Limited and United Biscuits (UK) Limited ("UBUK") for the purchase of the freehold at Barnwood Road Industrial Estate, Barnwood, Gloucestershire, by Aspinall's Club Limited for £1,785,000 and the lease dated 29th September, 1982 between Aspinall's Club Limited and UBUK for the lease of the premises to UBUK on the terms referred to in Appendix IV.

Contracts referred to in (e), (f) and (g) above are conditional on the grant of permission for the Company's shares to be dealt in on the Unlisted Securities Market by 10th November, 1983, following which completion will take place.

G. OFFER FOR SALE AGREEMENT

By the Offer for Sale Agreement and the Deed of Indemnity both of which are referred to in paragraph F (a) above:—
(i) the Brokers agreed, conditionally upon the Council of The Stock Exchange granting permission for all the issued share capital of the Company to be dealt in on the Unlisted Securities Market not later than 10th November, 1983, to purchase 7,800,000 Ordinary Shares from the Vendors at 115p per share;
(ii) the Company agreed to pay to the Brokers a fee as brokers to the Offer for Sale and the Brokers agreed to pay their own legal expenses and any underwriting commission payable in respect of the Offer for Sale;
(iii) the Company agreed to pay all other fees, costs, charges and expenses incidental to the Offer for Sale including the cost of printing and advertising this prospectus;
(iv) the Directors and the Vendors gave certain warranties to the Brokers regarding, *inter alia*, the contents of this prospectus and taxation matters;
(v) Sir James Goldsmith guaranteed the performance by Ultrabridge Holdings Limited of its obligations under the Offer for Sale Agreement and the Deed of Indemnity; and
(vi) the Vendors gave an undertaking to the Brokers not to sell or dispose of any of their shares in the Company following this Offer for Sale before 1st May, 1984 without their prior consent.

H. TAXATION

(a) The Directors have been advised that, upon disposal of shares of the Company pursuant to the Offer for Sale, the Company will remain a close company as defined in the Income and Corporation Taxes Act 1970.

(b) Mr. J. V. Aspinall and Ultrabridge Holdings Limited (guaranteed by Sir James Goldsmith) have severally given to the Company an indemnity in respect of capital transfer tax, income tax shortfall and certain other taxation liabilities.

(c) Clearances have been received in respect of all completed accounting periods of Aspinall's Club Limited up to and including 30th September, 1981 pursuant to paragraph 18, Schedule 16, Finance Act 1972, in relation to shortfall.

(d) Clearances have been received under Section 464 of the Income and Corporation Taxes Act 1970 and under Section 88 of the Capital Gains Tax Act 1979 in respect of the Company's acquisition of the share capital of Aspinall's Club Limited and Ultrabridge Limited and in respect of this Offer for Sale.

I. GENERAL

(a) (i) No share or loan capital of the Company or any of its subsidiaries is under option, other than as disclosed herein, or agreed conditionally or unconditionally to be put under option;
   (ii) Since 31st October 1981, save as disclosed herein:—
      (a) no capital of the Company or any of its subsidiaries (except for capital issued to or owned by the Company or a wholly owned subsidiary of the Company) has been issued for cash or otherwise or is proposed so to be issued save that (i) on 24th October, 1983 the capital of Aspinall's Club Limited was increased to £40,000 by the creation of 10,000 "A" Ordinary Shares of £1 each and 10,000 "B" Deferred Shares, of which 10,000 "A" Ordinary Shares were allotted to the members of that company credited as fully paid by way of capitalisation of reserves and (ii) on 18th March, 1983 Ultrabridge Limited allotted by way of capitalisation of reserves 1,250 ordinary shares of £1 each, on 12th September, 1983 Ultrabridge Limited allotted by way of capitalisation of reserves 1,250 ordinary shares of £1 each and on 16th September, 1983 Ultrabridge Limited issued 479,465 ordinary shares of £1 each for cash at par.
      (b) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any part of the capital of the Company or any of its subsidiaries.

(b) The Group has no litigation or claims of material importance pending or threatened against it and no facts are known to the Directors which are likely to give rise to any such litigation or claims.

(c) Save as disclosed herein, there has been no material change in the trading or financial position of the Company and its subsidiaries since 30th June, 1983.

(d) Price Waterhouse, Touche Ross & Co., Kitcat & Aitken and Raphael, Zorn have given and have not withdrawn their respective written consents to the issue of this prospectus with the inclusion therein of their reports and or letters and the references thereto in the form and context in which they are included.

(e) The above-mentioned written consents, copies of the material contracts referred to in paragraph F above, the statement of Price Waterhouse and Touche Ross & Co. setting out the adjustments made in arriving at the figures contained in their report as set out herein and giving the reasons therefor and the forms of application, were attached to the copies of this document delivered to the Registrar of Companies for registration.

(f) Mr. J. V. Aspinall and Ultrabridge Holdings Limited are the promoters of the Company. Save as disclosed herein, no amount or benefit has been paid or given to the promoters.

(g) In the opinion of the Directors, no amount must be provided in respect of any of the matters set out in paragraph 4 (a) of the 4th Schedule to the Companies Act 1948.

(h) The preliminary expenses of the Company are £250 and are payable by the Company.

(i) The expenses of this Offer for Sale, including the capital reorganisation, are estimated to be approximately £650,000 which will be payable by the Company.

(j) No part of the proceeds of the Offer for Sale will be received by the Company.

J. DOCUMENTS FOR INSPECTION

Material contracts (c) and (h) mentioned in paragraph F above and copies of the following documents may be inspected at the offices of Stephenson Harwood, Saddlers' Hall, Gutter Lane, Cheapside, London EC2V 6BS, and S J Berwin & Co., Capital House, 42 Weston Street, London SE1 3QN, during usual business hours on any week day (Saturdays and Bank Holidays excepted) for a period of fourteen days from the date of this document:
(i) the Memorandum and Articles of Association of the Company;
(ii) the audited consolidated accounts of Aspinall's Club Limited and its subsidiaries for the three years ended 30th September, 1982 and the nine months ended 30th June, 1983;
(iii) the audited accounts of Ultrabridge Limited for the period from incorporation to 31st March, 1982 and for the year ended 31st March, 1983;
(iv) the report of Price Waterhouse and Touche Ross & Co. set out in Appendix I above and the statement of adjustments referred to above;
(v) the letters of Price Waterhouse, Touche Ross & Co., Kitcat & Aitken and Raphael, Zorn in relation to the profit estimate as set out in Appendix III above;
(vi) the material contracts referred to above;
(vii) the written consents referred to above;
(viii) the Instrument constituting the £5 million 13½ per cent. Unsecured Loan Stock 1988/90 of the Company;
(ix) valuations of the freehold house at 1 Lyall Street, London S.W.1 and the leasehold of Flat D, 1 Bina Gardens, London S.W.7.

Dated 1st November, 1983

Procedure for Application

No person receiving a copy of this Offer for Sale and/or an Application Form in any territory other than the United Kingdom may treat the same as constituting an invitation to him, nor should he in any event use such Application Form, unless in the relevant territory such an invitation could lawfully be made to him or such Form could lawfully be used without compliance with any registration or other legal requirements. It is the responsibility of any person outside the United Kingdom wishing to make an application hereunder to satisfy himself as to full observance of the laws of the relevant territory in connection therewith, including obtaining any governmental or other consents which may be required or observing any other formalities needing to be observed in such territory.

Applications (which must be for a minimum of 500 shares with applications for not more than 1,000 shares being in multiples of 100 shares, for over 1,000 shares and not more than 5,000 shares in multiples of 500 shares, for over 5,000 shares and not more than 10,000 shares in multiples of 1,000 shares, for over 10,000 shares and not more than 50,000 shares in multiples of 5,000 shares and for over 50,000 shares in multiples of 10,000 shares) must be made on the Application Form provided and forwarded or handed in to Barclays Bank PLC, New Issues Department, P.O. Box 123, Fleetway House, 25 Farringdon Street, London EC4A 4HD to arrive not later than 10.00 a.m. on Tuesday, 8th November, 1983. Photostat copies of Application Forms will not be accepted.

A separate cheque or bankers draft must accompany each Application Form.

Cheques or bankers drafts, which must be drawn in sterling on a branch in England, Scotland, Wales, Northern Ireland, the Channel Islands or the Isle of Man, of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques and bankers drafts to be cleared through the facilities provided for the members of those Clearing Houses and must bear the appropriate sorting code number in the top right hand corner, must be made payable to "Barclays Bank PLC" and crossed "Not Negotiable" and must represent payment in full at the Offer for Sale price. No application will be considered unless these conditions are fulfilled.

Preference will be given in respect of a maximum of 10 per cent. of the shares being offered for sale to applications made by Directors and employees of the Company and its subsidiaries on the special pink forms provided for the purpose.

Kitcat & Aitken and Raphael, Zorn reserve the right to present all cheques/bankers drafts for payment on receipt, to retain letters of acceptance and surplus application monies pending the clearance of all cheques, to accept in part only or to reject or scale down applications and, in particular, multiple or suspected multiple applications and applications for an undue number of shares. Due completion and delivery of an Application Form accompanied by a cheque will constitute a representation that the cheque will be honoured on first presentation, attention is drawn to the declaration in the Application Form to that effect.

If any application is not accepted, the amount paid on application will be returned in full and, if any application is accepted for fewer shares than applied for, the balance of the amount paid on application will be returned by cheque through the post, in either case without interest and at the applicant's risk.

Renounceable letters of acceptance will be sent to successful applicants by not later than 11th November, 1983 and will be renounceable up to 13th December, 1983. The shares now being offered for sale will be registered free of stamp duty and registration fees in the names of the purchasers or persons in whose favour letters of acceptance have been renounced, provided that, in the case of renunciation, letters of acceptance duly completed in accordance with the instructions contained therein are lodged for registration on or before 13th December, 1983. Share certificates will be despatched on 10th January, 1984.

Acceptance of applications will be conditional on the Council of The Stock Exchange granting permission to deal in the issued ordinary shares of the Company in the Unlisted Securities Market by no later than 10th November, 1983. Monies collected in respect of applications will be returned if such condition is not satisfied by that date and in the meantime will be retained by Barclays Bank PLC in a separate account. It is expected that dealings will commence not later than 14th November, 1983.

Availability of Copies

Copies of this Offer for Sale are available from:—

Kitcat & Aitken, The Stock Exchange, London EC2N 1HB.

Raphael, Zorn, 10 Throgmorton Avenue, London EC2N 2DP.

Barclays Bank PLC, New Issues Department, P.O. Box 123, Fleetway House, 25 Farringdon Street, London EC4A 4HD.

Société de Banque Occidentale, 45/47 Cornhill, London EC3V 3PB.

and at the following branches of Barclays Bank PLC:—

Stock Exchange Branch, 8 Angel Court, Throgmorton Street, London EC2R 7HT.	P.O. Box No. 34, 63 Colmore Row, Birmingham B3 2BY.	35 St. Andrew Square, Edinburgh EH2 2AD.	P.O. Box No. 357, 17 York Street, Manchester M60 2AU.
54 Lombard Street, London EC3P 3AH.	P.O. Box 207, 40 Corn Street, Bristol BS99 7AJ.	90 St. Vincent Street, Glasgow G2 5UQ.	P.O. Box 1DA, Collingwood Street, Newcastle-upon-Tyne NE99 1DA.
Stanhope House, 46 Park Lane, London W1A 4EE.	P.O. Box No. 69, 121 Queen Street, Cardiff CF1 1SG.	37 Park Row, Leeds LS1 1HS.	P.O. Box No. 2, 30 High Street, Southampton SO9 7AB.
30 Sloane Square, London SW1W 8AF.	6 Rose Lane, Canterbury CT1 2FN.	P.O. Box No. 107, 4 Water Street, Liverpool L69 2DU.	

Application Form

The Application List will open at 10 a.m. on Tuesday, 8th November, 1983, and may be closed at any time thereafter.

This Form when completed should be forwarded to **Barclays Bank PLC, New Issues Department, P.O. Box 123, Fleetway House, 25 Farringdon Street, London EC4A 4HD** and should arrive not later than 10 a.m. on Tuesday, 8th November, 1983, together with a cheque or bankers draft (drawn in sterling on a branch in England, Scotland, Wales, Northern Ireland, the Channel Islands or the Isle of Man of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques and bankers drafts to be cleared through the facilities provided for the members of those Clearing Houses and bearing the appropriate sorting code number in the top right hand corner) made payable to "Barclays Bank PLC" and crossed "Not negotiable". A separate cheque or draft must accompany each application, which will not be considered unless these conditions are fulfilled.

Aspinall Holdings p.l.c.

(Incorporated in England under the Companies Acts 1948 to 1981 No. 1745060)

Offer for Sale by Kitcat & Aitken and Raphael, Zorn of 7,800,000 Ordinary Shares of 10p each at 115p per share

*Applications must be for a minimum of 500 shares. Applications for not more than 1,000 shares must be in multiples of 100 shares, for over 1,000 shares and not more than 5,000 shares in multiples of 500 shares, for over 5,000 shares and not more than 10,000 shares in multiples of 1,000 shares, for over 10,000 shares and not more than 50,000 shares in multiples of 5,000 shares and for over 50,000 shares in multiples of 10,000 shares.

Number of Ordinary Shares applied for*	Amount Enclosed
	£

For Office use only
1. Letter of Acceptance No.
2. Number of shares allotted
3. Amount received on application £
4. Amount payable on shares accepted £
5. Amount returned £
6. Returned Cheque No.

To: Kitcat & Aitken and Raphael, Zorn

Gentlemen,

Having paid to Barclays Bank PLC the above-mentioned sum, being the amount of 115p per share payable on application for the above-stated number of ordinary shares of 10p each, I/we offer to purchase that number of shares and I/we agree to accept the same or any smaller number of shares in respect of which this application may be accepted upon the terms of the Offer for Sale dated 1st November, 1983, and subject to the Memorandum and Articles of Association of Aspinall Holdings p.l.c.

I/We authorise you to send a fully paid renounceable letter of acceptance in respect of such shares and/or a cheque representing the return of any application monies due to me/us by post at my/our risk to the (first) address written below.

I/We declare and warrant that due completion of this application form accompanied by a cheque will constitute an undertaking by me/us that the cheque sent herewith will be paid on first presentation and any allotment to me/us is strictly on this understanding.

Date ______________, 1983 Signature ______________ (1)

PLEASE USE BLOCK LETTERS ______________ Surname and Designation (Mr., Mrs., Miss, Title or Rank)

______________ Forename(s) in full

______________ Address in full

______________ (A corporation should complete this Form under the hand of a duly authorised official who should state his capacity)

All Joint Applicants must sign below.

Please pin cheque/draft here

(2) Signature ______________
Surname and Designation ______________
(Mr., Mrs., Miss, Title or Rank)
Forename(s) in full ______________
Address (in full) ______________

(3) Signature ______________
Surname and Designation ______________
(Mr., Mrs., Miss, Title or Rank)
Forename(s) in full ______________
Address (in full) ______________

(4) Signature ______________
Surname and Designation ______________
(Mr., Mrs., Miss, Title or Rank)
Forename(s) in full ______________
Address (in full) ______________

Applicants are advised to allow two days for delivery through the post and to use first class mail. The right is reserved to present all cheques and drafts for payment on receipt and to withhold letters of acceptance and excess application monies pending clearance of applicants' cheques.

No receipt will be issued for the amount paid on application but an acknowledgement will be forwarded in due course by fully paid renounceable letters of acceptance in respect of all or some of the shares applied for and/or by return by cheque through the post of the application monies or any surplus thereof, in each case at the applicant's risk.

Accountancy Appointments

Accounting Operations Manager

Beds **c£16K+car**

This is an influential position at a senior level in a large and progressive retail company currently undergoing a period of significant development within the accounting and financial control functions.

Responsible for over 100 staff and accountable for all aspects of the bought ledger, company payroll and retail accounts, you will report directly to the Chief Accountant.

To give an idea of the scale of this role we have 123 stores, a sales turnover of £500 million per annum and payments to a large number of suppliers. The main responsibility is to provide an efficient operation to these areas, prepare books of original entry and provide the associated administration in line with set standards.

Most systems are computerised within a sophisticated environment with new systems being developed and enhanced to facilitate the interchange of information. This will call for working closely with the Accounting Development Team and the DP Department.

You should be an Accountant, qualified, ideally ACA, with the ability to control a large department and effect change where necessary. Commercial and managerial experience is essential and the preferred age is between mid 30's and mid 40's.

We are offering a first class range of benefits including subsidised meals, staff discount, share participation scheme after a qualifying period and free life assurance cover.

Please write with full cv to:
G. Cockbill, Chief Accountant,
British Home Stores PLC., Arndale House,
Arndale Centre, Luton, LU1 2TG Beds.
Telephone: Luton (0582) 424242.

BRITISH HOME STORES BHS

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ema

Director of Finance and Administration

North Bucks. **c £25,000 + car**

A subsidiary of a major international group, our client distributes commercial equipment. Trading in a highly competitive market, the quality of the company's products has led to rapid growth to a turnover of £50 million. Continuing expansion in turnover will occur as the company enters new business areas.

Due to the impending retirement of the present incumbent, the company wishes to recruit a Director of Finance and Administration. A member of the small executive team, the Director will be responsible for the financial and administration functions. Managing a small staff, he or she will negotiate substantial funding, overview systems development, liaise closely with the company's parent and will be a Director of two subsidiaries. The administration tasks will include negotiations with dealers and the *management of both personnel and data processing. The Director will participate in* all commercial decisions.

Aged 35–40, applicants should be qualified accountants with a record of commercial, administrative and financial responsibility. Please write enclosing a career history and day-time telephone number to David Hogg FCA, quoting reference I/2185.

EMA Management Personnel Ltd.
Halton House, 20/23 Holborn, London EC1N 2JD
Telephone: 01-242 7773 (24 hour).

Finance Director-designate

West London ***c £22,500+car etc.***

Our client, Kango Wolf Power Tools Limited, a wholly owned subsidiary belonging to the Dobson Park Industries Group, manufactures and distributes electrical tools, electrical hammers, generators, transformers and associated products. Following the merger of the Kango and Wolf companies, there is now a need for a strong business minded accountant to join the new company in this key and challenging role.

The Finance Director – designate will report to the Deputy Chairman/Managing Director and will quickly assume total responsibility for all aspects of the finance and accounting functions. In addition the successful applicant will form an integral part of the senior management team and will be expected to make a significant contribution towards the successful operation and performance of the company.

Preferred candidates must be in possession of a major accounting qualification, aged 35 to 45, and be able to offer well developed accounting and financial skills. Equally important is the necessary character to engender and establish credibility within an early period of joining the company.

In addition to salary, benefits will include a fully expensed car, pension, life and private medical schemes and 5½ weeks holiday per year. The designatory period is not likely to be more than one of 6 months.

Candidates, male or female, can make applications by quoting MCS/7126 and requesting a Personal History Form from Michael R. Andrews, Executive Selection Division, Southwark Towers, 32 London Bridge Street, London SE1 9SY.

Price Waterhouse Associates

TREASURY MANAGER

CHEADLE HULME, CHESHIRE

As a successful U.K. subsidiary of a major international chemical group, our aim is continuous improvement of our systems and approach to modern accounting methods and philosophy. To strengthen this approach, we intend to develop a distinct treasury function reporting to the Chief Accountant.

Please contact us if you are qualified to ACA or ACMA with several years post qualification experience outside the profession. You should have acute entrepreneurial awareness, experience of evaluating optimum financing and banking arrangements and be competent in the German language. The successful candidate will probably be aged between 30 and 35.

If successful, you will be offered a competitive salary and benefits package including a company car and BUPA membership. Relocation expenses will be considered sympathetically.

Please contact our Personnel Department for an application form, which may be submitted with your prepared c.v. to:
The Personnel Department, BASF United Kingdom Limited, P.O. Box 4, Earl Road, Cheadle Hulme, Cheshire, SK8 6QG. Telephone 061-485 6222.

BASF

R-H **ACCOUNTANCY ACCOUNTANCY ACCOUNTANCY**

TAX ACCOUNTANT **c£14,500**

An opportunity for a young qualified ACA with good tax experience to join the International Head Office of this multi-million industrial group. Responsibilities will encompass UK corporate tax compliance work plus individual projects, together with some international exposure. Candidates can expect excellent prospects within a stimulating and lively environment. CENTRAL LONDON. Ref: SC.

MANAGEMENT ACCOUNTANT **c£14,000**

Prestige service company offers a broad commercial role to a smartly-presented, qualified accountant looking to promote their inter-personal skills. Immediate responsibilities are for the day-to-day running of the accounts department, production of management accounts and budgets. The successful candidate will also initiate the transfer from bureau to in-house computer facilities. WEST LONDON. Ref: VMD.

FINANCIAL PLANNING **c£11,500**

An excellent career opportunity for a highly ambitious, young chartered accountant. If you are newly qualified and are contemplating that *critical first move*, this U.S. multi-national can offer a varied accounting role, close contact with marketing management and excellent career progression to a controllership position. Initial responsibilities embrace budgets, forecasts, marketing plans, etc. WEST LONDON. Ref: JG.

ROBERT HALF
LEE HOUSE, LONDON WALL, EC2. 01-606 6771

FINANCE & ADMIN MANAGER/ COMPANY SECRETARY

Cambridgeshire **£15,000 + Car**

Our client, Schmidt Manufacturing Equipment (UK) Ltd., a dynamic and rapidly expanding Company needs a fully qualified Accountant (A.C.A. or A.C.C.A), with a minimum of three years' relevant experience in a manufacturing environment, to join a small management team dedicated to fast and profitable growth. (£0.5m to £5m in 3 years with £8-9m projected for 1984).

Applicants must be fully conversant with computerised systems for Ledgers, Management Accounting, Budgeting and Resource Planning/Modelling and with currency dealings. The successful Applicant would head a small department and be responsible to the Managing Director.

Please forward full details of your career to date, quoting ref. no: 119/30 to David J. Wickes, Senior Consultant.

Professional Personnel Consultants Limited,
Orchard House, 1 Orchard Lane, Huntingdon, Cambs.
Telephone: Huntingdon (0480) 55333/55334.

"an equal opportunity vacancy"

PPC

Assistant Director of Accounts

based SE London **to £21,290**

The Royal Ordnance Factories are a large chemical and engineering group of 13 factories engaged in the design, development, manufacture and marketing of a wide range of defence equipment and supplies. Turnover in 1982/83 was £448.5 million with trading profits of £68.8 million. Under legislation planned for early presentation in the new Parliament, the ROF's will become a Companies Act Company, in preparation for the introduction of private sector capital.

In a climate of radical change, this senior appointment presents a particularly interesting challenge. Reporting to the Director of Accounts the successful candidate will be responsible for the tasks of the Headquarters' financial and management accounting sections. These will include the development of corporate accounting policies, practices and procedures: maintenance of financial accounts and the preparation of accounts for publication: financial input to the corporate budget and forward plan: and the provision of a financial information service to management.

Aged 40–55, candidates must be professionally qualified accountants who have broad, senior level experience appropriate to the post. A knowledge of the requirements for published accounts and taxation is required.

Salary will be in the range of £16800–£21290 including outer London weighting. For full details and an application form (to be returned by 25 November 1983) write to Civil Service Commission, Alencon Link, Basingstoke, Hants RG21 1JB, or telephone Basingstoke (0256) 68551 (answering service operates outside office hours). **Please quote ref: G/6076.**

Royal Ordnance Factories

Finance Manager

P.A. Senior Partner

c.£25,000

A dynamic LONDON STOCKBROKER requires an enthusiastic and energetic accountant to assist the senior partner with the financial control and management of the business. The firm operates internationally and sees the challenge of forthcoming changes in Stock Exchange regulations as a major opportunity for further development.

Candidates, male or female, aged 28–40, holding an accountancy qualification with an interest and experience in the securities market, should send career details in confidence to: Rob Beard (Ref LM559),
56–60 St Mary Axe, London EC3A 8BJ.

Spicer and Pegler Associates
INTERNATIONALLY SPICER AND OPPENHEIM

Audit Management

Challenge & international involvement with the world's favourite airline

We have a number of openings for outstanding young qualified accountants who wish to realise their ambitions by seeking career development in a particularly stimulating environment.

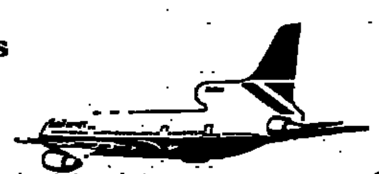
Successful candidates will not only manage a variety of audits in the UK and undertake some overseas assignments, but also will find opportunities to lead project groups in investigative and other studies at senior level. This varied experience will provide the background of expertise intended to lead to more senior appointments in the future.

Applicants will ideally have had about three years' post qualification experience preferably in a large multi-national organisation or large professional accounting firm.

The positions, all based at Heathrow Airport, will attract people in their mid-to-late twenties who can command a senior staff salary of not less than £11,500. In addition our extensive benefits package includes:

- **Favourable holiday air travel opportunities**
- **Holiday pay supplement**
- **Index linked pension scheme**
- **Varied sports & social facilities**

For an application form please write to or telephone Trevor Austin, Manager – Employment Services, British Airways, P.O. Box 10, Heathrow Airport – London, Hounslow TW6 2JA. Tel. 01-750 5471.



British airways

Senior Management in Retail

Group Accountant

c. £20,000+car

Currys is a highly successful national multiple with a turnover of over £300M and an outstanding record of growth in profits. Considerable expansion in their business continues and they are seeking an Accountant to take responsibility at corporate level for the co-ordination of accounting activities within the Group.

Specific tasks will be the consolidation and monitoring of management information, financial accounts and corporate plans; preparation of the Group's published accounts; treasury activities; taxation matters and undertaking important financial studies for the Group Board. Assistance will be given by a small but well skilled team.

We are therefore looking for a Chartered Accountant aged in the early to mid-30's, who ideally will have worked for several years after qualifying in a large professional firm and as a result will have developed a high level of technical competence. You will then have moved to a significant commercial or industrial organisation where you will have sharpened your business, creative and inter-personal skills.

In addition to a starting salary of around £20,000 + an executive car, there is a generous big company package of benefits and assistance with removal expenses to the Home Counties if necessary.

Please apply with full c.v. to:
Mr. A. R. Young,
Group Personnel Controller,
Currys Group p.l.c.,
46/50 Uxbridge Road,
LONDON W5 2SU

Currys
A rewarding place to shop. A rewarding place to work.

FINANCE DIRECTOR

W London **c £20,000 + car**

Intelligence UK plc is a high profile company engaged in marketing microcomputer hardware and software. Its policy of broad diversification has enabled it to maintain an outstanding growth record in a business in which today's new technology is obsolete tomorrow.

The company now wishes to strengthen its management team by recruiting a Finance Director who will be expected to contribute directly to profitability.

Applications are invited from energetic qualified accountants in their early/mid thirties with experience in a rapidly expanding sales-driven environment. Total commitment is essential and will be rewarded by a generous package which includes a share option scheme.

Please send a comprehensive career résumé including salary history and day-time telephone number, quoting reference 2133, to G.J. Perkins

Touche Ross & Co, Management Consultants
Hill House 1 Little New Street London EC4A 3TR
Telephone: 01-353 8011
A member of the Management Consultants Association.

CHIEF ACCOUNTANT/COMPANY SECRETARY

Required for privately owned distribution group £5m turnover (£2m export). Based in East London, suit only qualified person with 10 years commercial experience including computer installations of similar industry/size. Attractive financial package. Write with C.V. to:

The Managing Director, Box A8354, Financial Times, 10 Cannon Street, London EC4P 4BY

Accountancy Appointments

COMPANY NOTICE

EUROPEAN COAL AND STEEL COMMUNITY
9½% STERLING/U.S. DOLLAR OPTION BONDS DUE 1st DECEMBER, 1989

The Commission of the European Communities announces that the annual instalment of Bonds amounting to £650,000 nominal value has been purchased for the redemption due on 1st December, 1983.

3rd November, 1983

ENTERTAINMENT

BOND DRAWINGS

NOTICE OF REDEMPTION

EUROPEAN COAL AND STEEL COMMUNITY (E.C.S.C.) U.S.$20,000,000 6½% 20 Year Bonds of 1966 due 1st December, 1986

The Commission of the European Communities informs the Bondholders that a selection by lot for a principal amount of U.S.$1,250,000 has been made for redemption in the presence of a Notary Public on 24th October, 1983 by Banque Internationale a Luxembourg.

The Serial numbers of the Bonds selected by lot are as follows:-

1 to 4	9	12 13	22 23	42 to 44
49 to 55	65 to 83	92 to 105	110 to 115	117 to 122
169	194 to 201	214	223 to 234	241 to 255
271 to 330	341 to 356	359 to 362	412 to 418	433 to 453
488 to 495	523 to 535	538 to 547	638 to 649	722 to 772
785 to 810	814 828	879	898 to 909	916
934 to 943	945 to 952	979 to 984	990 to 993	996 to 998
1015 to 1017	1030	1039 1040	1046 to 1053	1094 to 1118
1149 to 1158	1167 to 1170	1274 to 1295	1301 to 1313	1330
1347 to 1358	1361 to 1367	1376 to 1378	1383 to 1389	1418 1423
1515 to 1521	1530 to 1536	1547 to 1614	1636	1641 to 1649
1679 to 1682	1691	1701 to 1706	1730 to 1747	2051 to 2054
2062	2105 to 2107	2119 2130	2131 2145	2151 to 2153
2160 to 2169	2191 to 2197	2201 2202	2207	2230 to 2234
2237 2247	2250 to 2259	2263 to 2272	2301 to 2398	19324 to 19359
19376 to 19418	19420 to 19495	19506 to 19525	19527 to 19555	19570 to 19630
19635 to 19641	19645 to 19672	19677 to 19710	19712 to 19723	19842
19851 to 19860	19876	19879 to 19972	19974 to 19980	19985 to 20000

Principal amount of Bonds purchased: U.S.$100,000.

Principal amount called for redemption: U.S.$1,350,000.

Principal amount unamortised after 1st December, 1983: U.S.$3,800,000.

The Bonds selected by lot will be reimbursed on/or after 1st December, 1983 with the coupon due 1st December, 1984 and following attached, in accordance with the terms of payment mentioned on the Bonds.

MOTOR CARS

COMPANY NOTICES

NOTICE TO HOLDERS OF PEKEMA OY
8¾% Guaranteed Bonds due 1986

NOTICE IS HEREBY GIVEN $859,000 aggregated principal amount of the Bonds bearing the serial numbers listed below have been drawn for redemption on 1 December 1983 at the redemption price of 100% of the principal amount thereof persuant to Condition 4 of the terms and conditions of the Bonds. The $141,000 balance of the 1983 Sinking Fund requirement has been satisfied by the delivery of Bonds acquired by the Company as permitted by the said Condition 4. The redemption payment of each Bond drawn for redemption will become due and payable on 1 December 1983 on and after which interest on each such Bond will cease to accrue.

BONDS DRAWN
389 x $1,000

82	89	144	154	158	165	190	220	224	229
236	238	261	289	305	325	334	345	353	354
361	363	364	367	384	446	453	460	494	545
556	581	587	589	591	608	627	636	644	658
707	729	858	898	904	934	940	941	1017	1018
1034	1036	1069	1072	1074	1103	1113	1115	1116	1120
1121	1125	1147	1184	1185	1195	1199	1329	1330	1335
1471	1568	1571	1731	1830	1833	1839	1840	1865	1925
1952	1978	2022	2023	2027	2049	2052	2067	2187	2212
2223	2241	2247	2250	2257	2267	2273	2274	2284	2287
2312	2314	2345	2347	2348	2414	2938	2950	2992	2994
3009	3019	3079	3085	3152	3162	3163	3184	3187	3253
3337	3426	3517	3620	3624	3681	3725	3837	4020	4022
4087	4099	4100	4110	4113	4115	4117	4177	4383	4430
4425	4543	4544	4545	4554	4559	4650	4797	4810	4811
4812	4814	4818	4820	4821	4901	4936	5184	5188	5273
5361	5369	5385	5395	5421	5497	6120	6122	6124	6201
6208	6236	6249	6252	6262	6265	6296	6277	6283	6284
6331	6528	6631	6675	6684	6686	6809	6826	6829	6899
7307	7424	7703	7802	7949	8029	8034	8057	8068	8131
8153	8193	8159	8200	8562	8569	8844	8856	8860	8861
8862	8871	8873	8897	8902	8906	8912	8915	8917	8922
8971	8978	9151	9152	9160	9170	9245	9269	9390	9391
9401	9403	9416	9421	9611	9619	9617	9621	9642	9647
9665	9666	9657	9669	9670	9673	9683	9693	9698	9708
9715	9724	9756	9768	9778	9789	9790	9795	9798	9801
9822	9835	9855	9867	9883	9894	9900	9902	9954	9958
9967	9973	9975	9994	10006	10020	10023	10032	10045	10076
10077	10092	10094	10111	10113	10144	10155	10160	10161	10167
10172	10182	10203	10218	10220	10224	10226	10233	10234	10255
10268	10271	10272	10275	10282	10298	10311	10319	10324	10325
10332	10349	10361	10367	10369	10378	10379	10384	10417	10424
10429	10438	10444	10554	10556	10557	10570	10577	10583	10589
10590	10655	10660	10670	10680	10684	10694	10748	10750	10753
10758	10766	10767	10768	10770	10778	10781	10788	10820	10824
10838	10843	10850	10871	10873	10875	10880	10885	10887	

5 x US$100,000

1 3 12 27 39

The above numbered Bonds will be redeemed at the office of the Depositary and the Principal Agent Chemical Bank, 55 Water Street, New York, N.Y. 10041, U.S.A. or at any of the following Sub-Depositaries; Chemical Bank, London, Paris; Kredietbank N.V., Brussels; Kredietbank S.A., Luxembourgeoise, Luxembourg; Skandinaviska Banken, Stockholm; Stockholms, Enskilda Bank, Stockholm; Dresdner Bank, Frankfurt/Main. Each Bond redeemed will be with Coupon No. 13 & S.C.A.

BANK LEUMI LE-ISRAEL B.M.
LEUMI INTERNATIONAL INVESTMENTS N.V.

NOTICE to the holders of those of U.S.$20,000,000 7 per cent Guaranteed Convertible Bonds 1987 of Leumi International Investments N.V. presently outstanding (the "Bonds").

The attention of holders of the Bonds is drawn to the fact that pursuant to a Special Resolution of Bank Leumi le-Israel B.M. (the "Bank") passed on 17th October, 1983 the Bank's issued Ordinary Share capital has been consolidated into new Ordinary Shares of IS. 100 each with effect from 31st October 1983 on the basis of 1 new Ordinary Share for every 1,000 Ordinary Shares of IS. 0.1 each then held. Accordingly, with effect from 1st November 1983, such Bonds will be convertible into new Ordinary Shares of IS. 100 each of the Bank.

Conversion may be effected during the period from and including 1st November in each calendar year up to and including 30th June in the next calendar year (up to and including 30th June 1987) but at no other time except as referred to in Condition 4 printed on the reverse of the Bonds.

The Conversion Rate at present applicable is 70.666667 new Ordinary Shares of IS. 100 each of the Bank for every U.S. $1,000 nominal amount of Bonds converted.

The attention of holders of the Bonds is drawn to the said Condition 4 and in particular to paragraphs (A) (1), (A) (4), (A) (5) and (C) (6) thereof.

Holders of Bonds who wish to exercise their conversion rights should apply to any of the Conversion Agents named below for a necessary Conversion Notice.

CONVERSION AGENTS
Bank Leumi (U.K.) plc
4-7, Woodstock Street,
London W1A 2AF

Bank Leumi le-Israel (Switzerland)
34, Claridenstrasse
CH 8022 Zurich

Bank Leumi le-Israel (France) S.A.
30, Boulevard des Italiens
75009 Paris

BANK LEUMI LE-ISRAEL B.M.
LEUMI INTERNATIONAL INVESTMENTS N.V.

NOTICE to the holders of those of the U.S.$10,000,000 7 per cent. Guaranteed Convertible Bonds 1984 of Leumi International Investments N.V. presently outstanding (the "Bonds").

The attention of holders of the Bonds is drawn to the fact that pursuant to a Special Resolution of Bank Leumi le-Israel B.M. (the "Bank") passed on 17th October, 1983 the Bank's issued Ordinary Share Capital has been consolidated into new Ordinary Shares of IS. 100 each with effect from 31st October, 1983 on the basis of 1 new Ordinary Share for every 1,000 Ordinary Shares of IS. 0.1 each then held. Accordingly, with effect from 1st November, 1983, such Bonds will be convertible into new Ordinary Shares of IS. 100 each of the Bank.

Conversion may be effected during the period from and including 1st November, 1983 up to and including 30th June, 1984 but at no other time except as referred to in Condition 4 printed on the reverse of the Bonds.

The Conversion Rate at present applicable is 91.841818 new Ordinary Shares of IS. 100 each of the Bank for every U.S. $1,000 nominal amount Bonds converted.

The attention of holders of the Bonds is drawn to the said Condition 4 and in particular to paragraphs (A) (1), (A) (4), (A) (5) and (C) (7) thereof.

Holders of Bonds who wish to exercise their conversion rights should apply to any of the Conversion Agents named below for a necessary Conversion Notice.

CONVERSION AGENTS
Bank Leumi (U.K.) plc
4/7, Woodstock Street
London W1A 2AF

Bank Leumi le-Israel (Switzerland)
34, Claridenstrasse
CH 8022 Zurich

Bank Leumi le-Israel (France) S.A.
30, Boulevard des Italiens
75009 Paris

THE SCOTTISH AGRICULTURAL SECURITIES CORPORATION p.l.c.
INTERIM STATEMENT FOR SHAREHOLDERS

1. During the half-year to 30th September 1983, £618,000 of Heritable Loans were completed. At 30th September 1983 further Loans totalling £1,116,000 had been approved by the Directors and awaited completion.
2. Reductions totalling £905,586 were made in the principal amounts of Loans during the half-year, of which £208,772 represented capital repayments as provided for in the Loan Agreements and £696,814 special reductions and repayments. The total amount of Loans outstanding at 30th September 1983 was £14,525,228.
3. On 20th October 1983, the Corporation's lending rate for New Loans was reduced to 12½ per centum per annum.

ANHEUSER-BUSCH OVERSEAS CAPITAL N.V.

16½% GUARANTEED NOTES DUE 1988

NOTICE TO BOND HOLDERS

NOTICE IS HEREBY GIVEN of the availability of the statement of financial position and statement of income and retained earnings of Anheuser-Busch Overseas Capital N.V. and the 1982 Annual Report to shareholders of Anheuser-Busch Companies, Inc., for the calendar year 1982 at the offices of Manufacturers Hanover Trust Company, 7, Princes Street, London EC2P 2LR.

Manufacturers Hanover Trust Company, London, as London Paying Agent.
November 1983.

ANHEUSER-BUSCH INTERNATIONAL FINANCE N.V.

11¼% GUARANTEED BONDS DUE 1990

NOTICE TO BOND HOLDERS

NOTICE IS HEREBY GIVEN of the availability of the statement of financial position and statement of income and retained earnings of Anheuser-Busch International Finance N.V. and the 1982 Annual Report to shareholders of Anheuser-Busch Companies, Inc., for the calendar year 1982 at the offices of Manufacturers Hanover Trust Company, 7, Princes Street, London EC2P 2LR.

Manufacturers Hanover Trust Company, London as London Paying Agent.
November 1983.

BOND DRAWINGS

TELEFONAKTIEBOLAGET L M ERICSSON
U.S.$30,000,000 9¾% Bonds 1985

S. G. WARBURG & CO. LTD., announce that the redemption instalment of U.S.$2,250,000 due 1st December, 1983 has been met by purchases in the market to the nominal value of U.S.$50,000 and by a drawing of Bonds to the nominal value of U.S.$2,200,000.

The distinctive numbers of the Bonds, drawn in the presence of a Notary Public, are as follows:—

11	16	26	31	51	57	63	77	83	89
96	140	147	157	164	173	186	203	220	244
249	280	289	305	314	338	351	362	410	415
426	431	438	446	452	462	489	496	502	530
543	558	567	574	602	614	645	678	691	698
711	720	731	747	756	760	771	781	795	801
812	822	831	846	865	875	902	949	954	985
991	997	1755	1766	1792	1811	1830	1846	1851	1870
1877	1896	1906	1914	1922	1933	1940	1974	2237	2243
2265	2272	2283	2297	2310	2341	2355	2360	2373	2388
2410	2421	2434	2448	2462	2471	2500	2554	2565	2577
2586	2614	2629	2663	2672	2691	2710	2743	2754	2770
2777	2782	2795	2803	2831	2837	2845	2854	2873	2884
2897	2910	2922	2938	2950	2965	2976	2985	3010	3015
3042	3049	3055	3141	3686	3693	3724	3739	3763	3770
3780	3832	3843	3856	3873	3883	3892	3901	3908	3920
3935	3943	3948	3973	4025	4034	4041	4049	4073	4350
4410	4427	4461	4500	4510	4517	4555	4572	4579	4589
4605	4619	4626	4631	4640	4650	4656	4665	4677	4689
4703	4721	4743	4771	4780	4786	4806	4810	4832	4839
4845	4855	4861	4867	4875	4883	4889	4899	4905	4913
4921	4932	4946	4951	4960	4972	4985	5008	5013	5027
5034	5039	5049	5057	5067	5077	5085	5107	5139	5143
5160	5167	5174	5189	5193	5202	5208	5217	5252	5257
5267	5273	5280	5294	5298	5307	5320	5330	5337	5343
5353	5360	5370	5379	5386	5394	5398	5409	5418	5424
5434	5440	5449	5459	5475	5482	5494	5500	5507	5514
5524	5533	5550	5560	5573	5583	5590	5603	5636	5642
5651	5666	5674	5681	5692	5711	5729	5742	5770	5779
5789	5794	5803	5808	5820	5831	5841	5942	5994	6063
6068	6076	6183	6191	6197	6260	6268	6274	6283	6287
6297	6304	6310	6321	6326	6333	6341	6349	6356	6364
6372	6377	6384	6401	6411	6417	6425	6430	6438	6446
6456	6464	6470	6478	6488	6497	6528	6536	6545	6553
6559	6569	6575	6583	6596	6600	6618	6625	6632	6643
6652	6659	6669	6676	6683	6689	6700	6707	6713	6722
6729	6737	6744	6750	6760	6766	6773	6781	6787	6795
6803	6812	6818	6825	6831	6840	6847	6855	6863	6868
6877	6884	6892	6901	6905	6921	6927	6935	6942	6950
6955	6978	7002	7008	7017	7028	7036	7043	7051	7059
7066	7076	7085	7093	7098	7107	7119	7152	7165	7172
7177	7187	7196	7227	7237	7242	7249	7261	7266	7276
7293	7311	7318	7327	7343	7353	7362	7377	7382	7395
7400	7412	7422	7430	7446	7456	7462	7473	7480	7491
7499	7505	7514	7522	7536	7596	7602	7624	7639	7646
7651	7661	7686	7695	7701	7710	7716	7723	7732	7745
7755	7761	7769	7776	7784	7793	7798	7809	7817	7822
7832	7844	7848	7860	7868	7875	7886	7890	7897	7910
7915	7938	7942	7951	7959	7963	7972	7980	7987	7994
8002	8010	8016	8026	8032	8039	8049	8055	8063	8075
8084	8097	8105	8121	8139	8145	8159	8172	8178	8187
8195	8201	8216	8220	8229	8245	8252	8261	8276	8285
8292	8299	8308	8313	8323	8332	8337	8357	8374	8388
8396	8403	8413	8423	8428	8437	8444	8449	8461	8466
8473	8491	8497	8512	8517	8536	8544	8552	8560	8566
8577	8582	8589	8620	8635	8640	8651	8661	8670	8677
8685	8691	8699	8706	8712	8722	8733	8742	8748	8753
8760	8772	8777	8787	8792	8799	8805	8831	8840	8845
8855	8860	8869	8874	8883	8890	8896	8907	8912	8921
8929	8934	8942	8948	8958	8966	8971	8980	8987	8995
9000	9010	9018	9023	9031	9042	9047	9057	9065	9071
9077	9088	9092	9112	9116	9134	9150	9156	9163	9175
9181	9189	9201	9206	9225	9229	9236	9243	9267	9276
9280	9288	9294	9304	9314	9320	9327	9333	9344	9356
9365	9371	9483	9487	9499	9542	9564	9572	9576	9590
9612	9639	9708	9720	9727	9738	9748	9755	9770	9810
9849	9855	9904	9911	9918	9939	9945	9980	10000	10021
10072	10103	10113	10121	10141	10147	10157	10176	10215	10243
10249	10281	10306	10312	10332	10338	10346	10363	10371	10380
10388	10481	10486	10498	10507	10518	10537	10556	10564	10571
10577	10589	10595	10613	10669	10675	10708	10713	10728	10744
10839	10864	10873	10905	10914	10918	10928	10939	10946	10956
10964	10981	10989	10997	11018	11039	11047	11055	11059	11078
11103	11108	11118	11195	11206	11232	11240	11267	11281	11289
11302	11322	11357	11365	11370	11378	11386	11393	11400	11407
11417	11427	11451	11467	11472	11480	11527	11566	11576	11596
11605	11610	11725	11739	11750	11763	11777	11796	11917	11985
12022	12032	12047	12059	12069	12075	12082	12090	12133	12140
12148	12201	12211	12278	12474	12484	12535	12628	12671	12679
12695	12713	12722	12726	12738	12743	12752	12767	12776	12828
12836	12851	12905	12915	12927	12942	12947	12984	13029	13037
13056	13062	13111	13119	13140	13179	13200	13228	13236	13245
13253	13260	13287	13293	13302	13433	13445	13454	13482	13491
13509	13521	13528	13579	13583	13631	13651	13659	13679	13692
13698	13727	13732	13740	13775	13782	13848	13853	13895	13902
14053	14066	14100	14129	14153	14157	14194	14223	14234	14283
14288	14333	14338	14348	14397	14411	14433	14500	14504	14513
14517	14525	14537	14542	14550	14557	14564	14570	14579	14588
14595	14602	14607	14614	14625	14631	14638	14647	14654	14661
14669	14677	14682	14691	14696	14786	14792	14798	14810	14815
14822	14830	14837	14844	14848	14860	14869	14874	14883	14887
14895	14902	14912	14921	14925	14933	14938	14948	14955	14964
14972	14978	14984	14992	15094	15143	15152	15156	15191	15224
15231	15236	15315	15382	15457	15470	15484	15488	15523	15530
15561	15579	15589	15598	15606	15613	15622	15636	15642	15649
15655	15664	15669	15678	15692	15699	15708	15730	15735	15743
15755	15769	15785	15792	15799	15813	15826	15834	15844	15851
15861	15871	15880	15896	15900	15925	15946	15950	15983	15989
16007	16014	16102	16108	16135	16142	16152	16157	16166	16213
16220	16265	16269	16278	16286	16294	16302	16307	16315	16321
16332	16342	16348	16391	16399	16406	16411	16421	16428	16436
16444	16449	16458	16462	16473	16477	16487	16496	16501	16509
16518	16524	16531	16539	16547	16552	16559	16569	16575	16584
16592	16598	16604	16616	16624	16634	16638	16649	16656	16663
16669	16677	16683	16690	16701	16707	16714	16720	16730	16734
16742	16753	16759	16767	16771	16779	16788	16796	16804	16809
16818	16826	16830	16842	16847	16855	16861	16868	16877	16885
16893	16899	16906	16912	16922	16931	16936	16942	16950	16957
16965	16973	16983	16987	16995	17001	17010	17019	17027	17036
17045	17052	17060	17073	17090	17097	17101	17111	17118	17126
17135	17141	17149	17153	17164	17173	17177	17186	17192	17199
17206	17215	17224	17231	17238	17243	17252	17259	17266	17276
17282	17289	17295	17305	17310	17319	17327	17333	17341	17347
17359	17367	17372	17381	17387	17396	17405	17410	17418	17423
17432	17442	17447	17457	17462	17469	17475	17486	17493	17500
17507	17512	17519	17528	17538	17544	17552	17559	17564	17574
17580	17588	17597	17601	17611	17615	17626	17634	17639	17648
17654	17661	17670	17676	17683	17694	17702	17711	17718	17725
17732	17739	17748	17754	17763	17768	17777	17783	17791	17799
17806	17814	17820	17829	17834	17841	17854	17860	17867	17872
17880	17886	17893	17904	17910	17918	17923	17930	17937	17947
17960	17969	17973	17981	17993	17997	18006	18011	18020	18026
18035	18043	18048	18058	18063	18069	18079	18087	18094	18101
18109	18115	18125	18131	18138	18144	18151	18161	18165	18177
18185	18189	18199	18203	18212	18220	18227	18234	18242	18249
18255	18266	18272	18278	18287	18294	18300	18305	18317	18325
18331	18339	18344	18352	18358	18369	18376	18382	18390	18394
18404	18412	18420	18429	18434	18441	18449	18458	18463	18470
18478	18485	18494	18501	18509	18514	18522	18531	18538	18547
18551	18559	18564	18574	18583	18589	18598	18603	18611	18620

18624	18635	18641	18648	18659	18663	18670	18679	18687	18692
18701	18709	18714	18721	18728	18740	18748	18753	18760	18765
18775	18781	18790	18796	18803	18810	18844	18857	18895	18902
18909	18917	18924	18932	18939	18945	18954	18959	18969	18979
18984	18991	18997	19008	19014	19023	19030	19036	19043	19054
19063	19072	19076	19084	19116	19124	19134	19141	19150	19200
19212	19221	19227	19239	19246	19251	19432	19439	19451	19456
19485	19493	19502	19508	19517	19522	19531	19823	19841	19901
19906	19931	19959	19970	19976	19982	19989	19998	20004	20014
20021	20029	20037	20045	20055	20062	20070	20076	20083	20095
20315	20323	20353	20364	20368	20379	20430	20441	20457	20465
20505	20649	20667	20675	20683	20708	20714	20722	20731	20736
20744	20753	20775	20784	20793	20801	20816	20823	20839	20845
20852	20864	20869	20880	20891	20901	20919	20926	20934	20943
20950	20966	20970	20984	21007	21014	21019	21029	21044	21054
21059	21067	21077	21082	21095	21101	21109	21118	21124	21132
21137	21148	21156	21161	21170	21177	21183	21192	21198	21207
21213	21220	21226	21236	21244	21250	21259	21264	21274	21278
21287	21292	21307	21318	21326	21339	21343	21353	21360	21367
21376	21383	21388	21399	21403	21414	21421	21427	21435	21440
21469	21479	21485	21493	21516	21521	21532	21539	21544	21553
21568	21587	21595	21605	21610	21618	21628	21632	21643	21648
21656	21661	21671	21680	21686	21692	21700	21707	21711	21726
21733	21738	21747	21752	21761	21770	21778	21790	21798	21805
21815	21822	21829	21837	21844	22294	22304	22312	22327	22334
22339	22365	22403	22412	22416	22430	22442	22453	22462	22467
22475	22480	22487	22507	22514	22522	22531	22538	22552	22565
22570	22579	22583	22592	22602	22609	22617	22622	22630	22644
22648	22662	22684	22692	22719	22725	22734	22739	22747	22755
22761	22772	22781	22785	22798	22805	22813	22822	22828	22835
22841	22851	22866	22877	22885	22890	22899	22909	22913	22924
22931	22937	22943	22951	22960	22977	22987	22992	22999	23007
23040	23045	23053	23061	23071	23080	23088	23097	23105	23109
23119	23127	23139	23145	23153	23158	23169	23174	23182	23189
23197	23206	23212	23220	23224	23233	23243	23250	23260	23265
23272	23280	23288	23296	23304	23310	23326	23334	23344	23351
23359	23374	23381	23387	23397	23405	23429	23437	23446	23456
23463	23471	23478	23487	23492	23502	23512	23518	23525	23531
23541	23548	23554	23565	23571	23579	23588	23594	23601	23606
23616	23621	23632	23638	23664	23672	23679	23685	23695	23703
23708	23734	23750	23759	23768	23774	23781	23788	23796	23803
23812	23831	23837	24006	24014	24021	24030	24036	24042	24051
24062	24068	24078	24100	24109	24124	24132	24157	24166	24173
24180	24190	24210	24219	24225	24248	24259	24292	24297	24307
24311	24335	24344	24349	24371	24375	24385	24422	24427	24435
24447	24454	24477	24484	24493	24504	24586	24593	24600	24614
24624	24631	24639	24644	24653	24663	24671	24679	24688	24695
24704	24708	24722	24731	24740	24804	24809	24816	24836	24844
24852	24859	24867	24873	24882	24889	24897	24909	24917	24933
24940	24949	24953	24963	24971	24976	24991	24999	25006	25022
25055	25064	25072	25077	25086	25091	25098	25107	25115	25125
25132	25138	25147	25151	25161	25167	25205	25214	25222	25230
25236	25242	25251	25261	25268	25277	25283	25292	25302	25307
25319	25338	25343	25355	25365	25372	25380	25396	25403	25415
25424	25431	25444	25450	25472	25482	25498	25508	25522	25531
25537	25601	25609	25620	25625	25656	25679	25692	25713	25722
25727	25736	25740	25750	25764	25769	25779	25783	25814	25819
25829	25835	25853	25866	25878	25935	25947	25951	25959	25967
25973	25982	25987	25996	26003	26010	26019	26027	26034	26040
26047	26054	26063	26071	26077	26086	26092	26100	26108	26114
26124	26129	26137	26198	26226	26231	26251	26263	26268	26278
26286	26291	26299	26304	26314	26320	26329	26336	26343	26351
26385	26448	26457	26462	26470	26485	26507	26512	26522	26526
26535	26544	26551	26558	26563	26572	26579	26589	26597	26602
26610	26615	26622	26636	26646	26650	26666	26673	26679	26689
26697	26708	26714	26756	26767	26775	26780	26815	26821	26829
26838	26843	26852	26857	26867	26871	26880	26895	26902	26912
26918	26926	26934	26940	26945	26987	26994	27007	27018	27031
27036	27045	27055	27060	27070	27076	27082	27104	27113	27123
27135	27163	27218	27227	27304	27330	27337	27625	27633	27639
27649	27654	27662	27671	27676	27685	27697	27705	27713	27720
27727	27737	27742	27750	27755	27763	27774	27779	27789	27795
27801	27807	27815	27825	27832	27839	27845	27854	27861	27868
27895	27903	27908	27917	27928	27933	27941	27948	27954	28008
28018	28023	28081	28087	28096	28101	28112	28119	28123	28133
28140	28147	28157	28161	28169	28177	28185	28195	28201	28209
28214	28223	28229	28240	28249	28266	28272	28280	28291	28297
28304	28310	28317	28325	28331	28342	28350	28354	28364	28368
28377	28384	28391	28400	28406	28415	28421	28430	28435	28445
28453	28458	28464	28472	28481	28488	28498	28504	28509	28518
28525	28533	28540	28546	28555	28559	28571	28580	28584	28593
28597	28606	28616	28622	28630	28637	28645	28660	28675	28684
28690	28697	28709	28715	28727	28735	28740	28751	28756	28786
28798	28802	28810	28815	28827	28839	28845	28861	28873	28916
28927	28936	28943	28967	28973	28998	29019	29032	29039	29045
29053	29060	29067	29077	29084	29092	29122	29130	29135	29144
29150	29182	29191	29198	29205	29215	29351	29356	29401	29407
29414	29428	29432	29442	29450	29456	29465	29470	29491	29497
29511	29518	29527	29534	29543	29549	29570	29582	29586	29597
29604	29610	29619	29827	29841	29850	29880	29904	29913	29919

On 1st December, 1983 there will become due and payable upon each Bond drawn for redemption, the principal amount thereof, together with accrued interest to said date at the office of:—

S. G. WARBURG & CO. LTD.,
30, Gresham Street, London, EC2P 2EB.,

or one of the other paying agents named on the Bonds.

Interest will cease to accrue on the Bonds called for redemption on and after 1st December, 1983 and Bonds so presented for payment must have attached all coupons maturing after that date.

U.S.$7,950,000 nominal amount of Bonds will remain outstanding after 1st December, 1983.

The following Bonds previously drawn for redemption on the dates stated below have not as yet been presented for payment.

1st December, 1982
2880 5575 11426 16216 20518 23626 26276 27728

1st December, 1979
23714

1st December, 1978
2800 6858 12089 16312 22868 23625 23702 23712 25720 25734 28652

1st December, 1977
5516 6857 23624

1st December, 1976
23701 25728

1st December, 1975
6860 16314 25721

1st December, 1974
2106 3071 3394 3474 6807 9303 9383 11647 26805 29942

1st December, 1973
6865 8954 24241 28034

N.B. The Bonds drawn 1st December, 1973 become prescribed 1st December, 1983.

N.B. The following Bonds have become prescribed
23623 23715

No further payment will be made on these Bonds or Coupons therefrom.

30, Gresham Street, London, EC2P 2EB. 3rd November, 1983

THE MANAGEMENT PAGE: Marketing

EDITED BY CHRISTOPHER LORENZ

Reaching the young drinker

Pernod looks for fresh pastures

BY DAVID HOUSEGO

THE LAUNCH of a new product is something of an event for Pernod, the French drinks manufacturer. The last occasion was 32 years ago when the company brought out an anis-based aperitif named Pastis 51 after the year of its birth. It is still a household word in France.

Now Pernod is in the throes of a major marketing campaign to tempt the French into the habit of drinking its new product — Pernod Light, a long drink, weak in alcohol but still with the anis flavour beloved of the French and which is Pernod's speciality.

"Our target group", says Andre Roch, director of marketing, "is young adults in the 25-30 age group, who want something new, with a modern image. Their tastes are evolving and here, as everywhere in the world, they are looking for a long drink, light in alcohol content and something like the cocktails based on gin, vodka or whisky that have been developed in the U.S. We have no competitors in France at the moment. We are carving out a new segment of the market."

The concept flows logically from Pernod's own interests and from the French taste for anis. Anis-based aperitifs account for 40 per cent of the market for aperitifs in France. Almost all of that is in the hands of the Pernod Ricard group, of which Pernod is a subsidiary. It produces the three major brand names of Pernod, Pastis 51 and Ricard.

After expanding steadily in the 1960s and 1970s, the market for anis-based aperitifs has begun to flatten out in recent years.

"It is saturated," says Roch, who adds that anis aperitifs with their much higher alcohol content of between 40-45 degrees, have a more popular, traditional image. "Our aim is not to displace this established market but to position ourselves to appeal to a new group. We have in mind A and B categories, both women and men, town dwellers and in the 25-30 age group." He says this is the fastest expanding part of the spirits market, with a potential audience in France of 12m.

They are people whose tastes are evolving and who are on the lookout for something new."

Sales since the formal launch in June on a boat on the Seine festooned with balloons to emphasise the "light" in the Pernod have been ahead of target. By August-September Pernod Light was being stocked by 60 per cent of hypermarkets—the most important sales point in France—and the proportion has risen since then to 80 per cent. The company set itself the goal of selling 1m bottles in the first year representing retail sales of about FFr 45m (£3.8m). "We are ahead of our targets," Roch says.

One of Pernod Light's strong points is that it is being marketed not only as an aperitif but as a drink which, because of its weak alcohol content, can be drunk throughout the day. Each bottle and advertisement displays prominently that it has only a 20 degree spirit content. Mixed with five parts of water or fruit juice as recommended it is twice as light as a high quality beer and three times as light as wine.

Pernod, which accounts for about a third of the Pernod Ricard group's FFr 7bn turnover, has spent several years in developing the product. It had to overcome two difficult technical problems. The first was that the taste of anis is developed by the alcohol so that reducing the alcohol content would normally weaken the anis taste. The second was that the opalescent character of an anis aperitif only comes after water has been added. But an important feature of Pernod Light, however, is that it is already opalescent in the bottle and needs to remain stable in texture after water or fruit juice has been added.

Pernod is one of the French companies which has adopted U.S. style marketing practices. It took the decision to involve the advertising agency CFRP from the start in the elaboration of the product, its packaging and marketing. CFRP came up with the slogan "le grand frisson" under which Pernod Light is being publicised to emphasise its freshness. The basic campaign relies on two elements: the first a "teaser" showing a submerged shape and the second where the shape is revealed to be a bottle of Pernod Light emerging from the water as the shark did in the poster for Jaws. (The French version of the film was distributed under the name "Les dents de la mer.")

BSN, the diversified glass and food group, won the contract to design the bottle. "We wanted a 70 cc bottle," Roch says "because this is the most widely used for aperitifs and whiskies and it enabled us to keep the price lower. But it also allowed us to style the bottle in a more modern image."

Aperitifs have a long life in France, which is mainly why Pernod has not brought out a new product for so long. (It has re-launched existing products in its family including the aperitif Suze which has subsequently seen a sharp pick-up in sales.)

The publicity campaign will cost about FFr 10m in the first year, says Roch. There are no plans for the moment to launch Pernod Light abroad though longer term the plan is to export a similar product. Pernod's first aim is to strengthen the market share of anis-based aperitifs in those countries like Britain, the U.S. and West Germany which have already shown a taste for them.

Advertisements for Pernod Light capitalise on the posters for the film "Jaws"

Local fall-out from the international shake-up

BY HOWARD SHARMAN

TALK ABOUT advertising as an international business with international brands, advertising agencies and manufacturers has been increasingly fashionable over the last few years. So what effect does it have on the agency league table in the UK?

Events of recent weeks — the $180m swap of accounts by Young and Rubicam in dropping Procter and Gamble and taking on Colgate-Palmolive, the Beecham choice of Ogilvy and Mather and Grey Advertising as its two international agencies, the move of Silk Cut to Saatchi and Saatchi for an international campaign — would appear to confirm the current orthodoxy.

But underlying the lip service being paid to internationalism, there is a strong countervailing view that it is local rather than international strength which counts in London. "The facts of the matter," says Michael Cooper-Evans, managing director of J. Walter Thompson, "are that stability in a market derives from your reputation in that market, not across frontiers. So JWT in London has been successful because it is a successful local agency, not because it is the UK arm of an American multinational."

Adds Peter Warren, chairman of Ogilvy and Mather: "There is movement (of accounts) which doesn't necessarily amount to great change in London. The surprising thing is the amount of attention attached to internationalism recently—it has been going on for 20 years to my knowledge."

Of all the American multinational agencies, the most "international" is probably McCann - Erickson. Giant accounts like Coca-Cola, Exxon and General Motors (handled in the UK by Lowe Howard-Spink Campbell-Ewald, another Interpublic agency) are run in a very disciplined manner from the centre. Yet this did not stop the London office, which was going through a very troubled patch with serious management problems, falling from second place in the MEAL (Media Expenditure Analysis Limited) billings tables in 1979 to seventh in the year to June 1983.

Being part of a multinational probably stopped McCann dropping any further down the league table and its billings this year should have stabilised at around £72m—much the same as they were in 1980. But a successful local agency like JWT, for example, has lifted its billings by 50 per cent since 1980, from £82.5m to an estimated £130m this year.

MEAL TOP TEN AGENCIES FOR 1982

1. J. Walter Thompson
2. Saatchi & Saatchi Garland-Compton
3. D'Arcy MacManus Masius
4. Ogilvy & Mather
5. Allen, Brady & Marsh
6. Young & Rubicam
7. McCann-Ericksen
8. Leo Burnett
9. Dorlands
10. Davidson, Pearce

And Saatchi and Saatchi, boosted by the British Airways win, will have done even better. From being equal with JWT in 1980 its billings this year will probably be over £140m.

One major loser in London resulting from the Colgate/P and G switch was former Colgate agency D'Arcy-MacManus and Masius, which will part with around £8m of Colgate business at the end of this year. "I don't anticipate that these changes will make any difference to the rank order," says Masius chairman, Bert de Vos. "It is a tremor rather than a shudder." He is looking at billings of £100m this year, which will keep him comfortably in third place in the UK, ahead of Ogilvy and Mather—estimated billings for 1983 just over £90m.

Ogilvy's Warren, though, has his sights set on Masius's third place in the billings table and hopes he might get it in 1984.

Elsewhere, the rising agencies appear to owe very little to the effects of internationalism. Leo Burnett, while about to receive a boost from its appointment as a Procter and Gamble agency in the UK—a win which roughly balanced out its Beecham losses — owes much of its recent surge up the table to that very British company BL.

And Allen Brady and Marsh, which will be fighting it out for fifth place this year with Leo Burnett and McCann, owes nothing to international account wins.

Davidson Pearce, a newly anglicised agency following its management buy-out from the Ogilvy and Mather group, is also on the rise. According to MEAL it is a top ten agency; the Campaign figures for the year will probably show it to be just outside the top ten with billings of over £50m. Another agency to benefit from the boom in car advertising, it has gained from winning the Fiat account—a non-aligned multinational—and from other essentially UK business.

Indeed, the most significant move of recent weeks may not have been on the client side but on the agency side. The worldwide merger of Foote Cone and Belding with NCK does nothing dramatic to FCB's London ranking following the loss of British Airways, but it is a pointer for next year.

The way that agencies manage and plan their own businesses may well have much more bearing on the UK league table than anything clients can do.

AD HOC

ON MONDAY night, in the prime "News at Ten" commercial break, viewers of TV South might have seen the first ever TV advertisement for a firm of stockbrokers. Capel-Cure Myers discreetly offered its services as investment advisers to the privately wealthy, the small company planning to go public, and the major institutions.

It was a very soft selling commercial, partly because of IBA restrictions on what financial advertisers can say; partly because of traditional Stock Exchange reticence. Capel-Cure is basically trying to familiarise its name among its prospective audience. Half its clients live in the south-east. Hence the month-long campaign on TV South.

The stockbroking firm is among the most marketing conscious on the Stock Exchange. Its research suggests that half its new private business comes from personal recommendation, but from recommendation bolstered by advertising which makes its name familiar to potential customers. Capel-Cure is to the forefront in the drive for private investment business, a sector that many stockbrokers ignored in the 1970s as unprofitable. It believes that, with modern technology, it can profitably handle clients with just £10,000 to invest.

There are other reasons for spending the £150,000 now (it includes support advertisements in the Press, an area where Capel-Cure was also a trailblazer in the past). Other brokers are thinking of using television, and rivals for surplus wealth, like Hambro Life, are believed to be advertising conscious. Capel-Cure's research says that stockbrokers have lost out to banks, insurance companies, and even solicitors as advisers on personal investment.

The first response to the advertising has been encouraging for by Tuesday morning five callers had discovered the Capel-Cure telephone number. Since on average they each had £100,000 to invest their approaches were of great interest to a firm which will be disappointed if the advertising has not paid for itself within six months.

Antony Thorncroft

SECTION III - INTERNATIONAL MARKETS
FINANCIAL TIMES
Thursday November 3 1983

World weather watchers say heat is on, Page 46

WALL STREET

Debt delay proves a dampener

THE PROTRACTED delay by the U.S. Senate in approving an extension of the Treasury debt ceiling continued to overhang Wall Street's financial markets yesterday. The trading session had barely opened when the Treasury announced the postponement of the two further funding sales planned for this week, which left the entire $16bn quarterly funding programme on the sidelines, *writes Terry Byland in New York.*

Credit markets started the session firmly on the view that the postponement would create a short-term shortage of supply in the market. But bond prices topped off as the professional investors weighed the pricing outlook for the new 30-year bonds to be issued when treasury funding is resumed.

The stock market started off very cautiously but took heart when an initial round of price falls seemed to choke off the sellers. Leading stocks then began to move forward, led by bank and rail issues.

Stock prices continued to move ahead throughout the session, which ended with the Dow Jones industrial average 8.03 higher at 1,237.30. Turnover showed a welcome increase at 95.6m shares traded but dealers said the recovery in stock prices was largely technical.

Selling pressure has died down for a while and the appearance of a few buyers was enough to push the market ahead. Both NASDAQ and the American Stock Exchange turned higher, reflecting gains in prices across the broad range of the market.

The more optimistic turn in the market reflected internal, technical factors rather than any change in long-term investment views. A shake-out in second-line issues, which has been a sign of overall weakness in the market, was checked. Both NASDAQ and the American Stock Exchange showed a majority of small gains.

A steadier tone in the high technology stocks brought a gain of $⅞ to $33⅜ in Wang Laboratories which benefited from an agreement to match communications equipment with AT & T. Commodore International gained $¾ to $34⅝ and Tie-Communications put on $⅛ to $34⅛.

IBM, however, dipped $⅛ to $126⅝ as the excitement over introduction of its Peanut product calmed down. NCR jumped $3¼ to $129⅝, Control Data added $1⅛ to $48⅝ and Digital Equipment at $68 lost $1 after a downgrading by one of the major debt rating agencies.

Assurances on the outcome of the Argentine elections, together with calmer news from Grenada, helped bank shares – Citicorp putting on $1 to $33⅞ and Chase Manhattan $⅞ to $44⅞.

Rail stocks came back into fashion as investors assessed the implications for profits of a sharp rise in freight traffic reported from the industry. Burlington Northern, stock which has risen 25 per cent since its September bid for the outstanding equity in El Paso, put on $1⅛ to $106⅞. Norfolk and Western at $65⅛ gained $1⅛.

Retail issues firmed up behind sales figures from Toys R Us, the biggest of the specialty stores. It gained $⅞ to $40⅛ with investors encouraged not only by a 16 per cent sales gain to date but also by a disclosure that video games and home computer sales were playing a reduced role in turnover.

Stock in Toys has been hit recently by fears that the misfortunes of the home computer industry might rub off.

Coca-Cola, the soft drinks and film group, added $⅛ to $52⅞ after results.

Leading industrial stocks to improve included Exxon, $⅛ up at $39⅞; General Dynamics, $⅞ ahead at $56⅞; General Electric, $⅞ better at $52⅞. Monsanto gained $2⅛ to $109⅛.

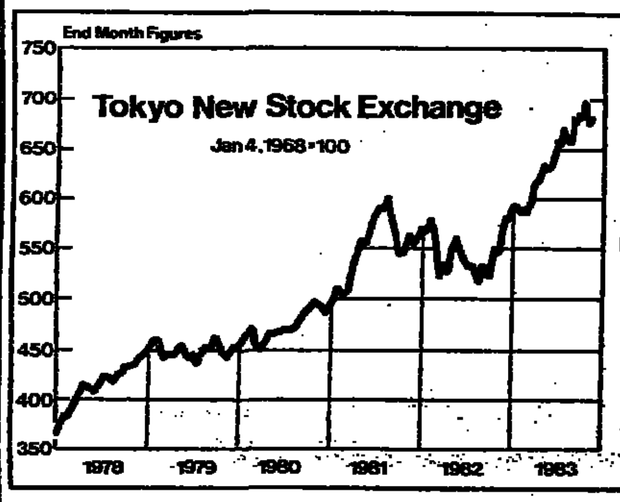
Institutional buying was seen in Caterpillar Tractor, which jumped $1⅞ to $40⅞, and in Union Carbide $⅞ higher at $65⅛. But a weak spot in pharmaceuticals was Merck, which dipped $1⅛ to $97⅞.

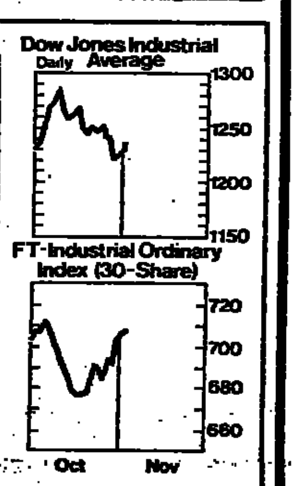
Treasury bills had a quiet session with discounts slightly easier. The three-month bills dipped two basis points to 8.47 per cent while the six-month bills at 8.70 per cent lost one basis point.

The Federal Reserve helped short-term liquidity with $1bn in customer repurchases when Federal Funds stood at 9⅞ per cent. It later re-entered the market to buy $400m in bills, also for a customer account and with funds at 9⅜.

The key long bond opened at 102⅞, later shading down to 101⅞, yielding 11.76 per cent and showing a net price fall of ⅜ on the day. Dealers predicted that the new 30-year bonds to be sold when auctions are resumed could be priced at 101.

KEY MARKET MONITORS





STOCK MARKET INDICES

NEW YORK	Nov 2	Previous	Year ago
DJ Industrials	1237.30	1229.27	1022.08
DJ Transport	584.08	579.32	432.85
DJ Utilities	140.61	140.22	120.85
S&P Composite	164.84	163.52	137.49
LONDON			
FT Ind Ord	707.8	706.2	624.3
FT-A All-share	440.02	438.42	384.43
FT-A 500	476.24	475.26	428.02
FT-A Ind	433.83	432.90	396.24
FT Gold mines	477.9	444.6	405.5
FT Govt secs	82.22	82.34	85.84
TOKYO			
Nikkei-Dow	9344.12	9350.91	7395.62
Tokyo SE	685.34	685.41	547.82
AUSTRALIA			
All Ord.	685.1	688.1	506.3
Metals & Mins.	504.1	508.6	408.3
AUSTRIA			
Credit Aktien	53.92	54.05	47.43
BELGIUM			
Belgian SE	121.87	122.73	98.34
CANADA			
Toronto Composite	2403.18	2374.75	1834.1
Montreal Industrials	422.03	415.68	327.08
Combined	406.41*	400.51	311.74
DENMARK			
Copenhagen SE	194.74	194.27	91.55
FRANCE			
CAC Gen	140.9	141.3	100.3
Ind. Tendance	149.6	149.5	119.4
WEST GERMANY			
FAZ-Aktien	339.49	340.47	232.56
Commerzbank	1007.4	1012.2	704.8
HONG KONG			
Hang Seng	366.9	846.74	822.54
ITALY			
Banca Comm.	188.39	185.65	164.08
NETHERLANDS			
ANP-CBS Gen	134.6	136.3	96.7
ANP-CBS Ind	109.8	111.1	75.2
NORWAY			
Oslo SE	203.53	203.22	104.29
SINGAPORE			
Straits Times	937.32	938.26	727.26
SOUTH AFRICA			
Golds	701.6	661.4	735.7
Industrials	877.5	880.9	682.1
SPAIN			
Madrid SE	127.6	125.23	101.53
SWEDEN			
J & P	1412.16	1409.66	744.54
SWITZERLAND			
Swiss Bank Ind	354.1	346.3	263.7
WORLD	Nov 1	Prev	Yr ago
Capital Int'l	177.8	177.9	143.7

GOLD (per ounce)

	Nov 2	Prev
London	$382.125	$377.625
Frankfurt	$383.25	$377.50
Zurich	$383.50	$377.50
Paris (fixing)	$383.87	$389.27
Luxembourg (fixing)	closed	$383.00
New York (Nov)	$383.10	$378.30

* indicates latest pre-close figure

CURRENCIES

(London)	U.S. DOLLAR Nov 2	U.S. DOLLAR Previous	STERLING Nov 1	STERLING Previous
$	–	–	1.4875	1.4865
DM	2.644	2.655	3.935	3.9475
Yen	234.45	234.8	349	349.25
FFr	8.0425	8.0775	11.96	12.005
SwFr	2.15	2.161	3.20	3.215
Guilder	2.9625	2.973	4.41	4.4225
Lira	1606	1606.75	2388	2388
BFr	53.72	53.86	79.9	80.05
C$	1.23275	1.23325	1.8335	1.8325

INTEREST RATES

Euro-currencies (three month offered rate)	Nov 2	Prev
£	9⅝	9⅝
SwFr	4 5/16	4¼
DM	5 15/16	5 15/16
FFr	12 13/16	12 13/16
FT London Interbank fixing (offered rate)		
3-month U.S.$	9 13/16	9 13/16
6-month U.S.$	9 15/16	9 15/16
U.S. Fed Funds	9⅝	9 9/16
U.S. 3-month CDs	9.35	9.30
U.S. 3-month T-bills	8.47	8.45

U.S BONDS

Treasury	Nov 2 Price	Nov 2 Yield	Prev Price	Prev Yield
10½ 1985	99 [illegible]/32	10.55*	99 27/32	10.55
11½ 1990	99 [illegible]/32	11.53*	99 [illegible]/32	11.55
11⅞ 1993	101 [illegible]/32	11.66*	101 [illegible]/32	11.66
12 2013	101 [illegible]/32	11.76*	101 [illegible]/32	11.77
Corporate AT & T				
10⅜ June 1990	93¾*	11.75*	93¾	11.75
3⅞ July 1990	68¾*	10.50*	68¾	10.50
8¾ May 2000	76*	12.15*	76	12.15
Xerox				
10⅜ March 1993	92¼*	12.05*	92¼	12.05
Diamond Shamrock				
10⅜ May 1993	90⅞*	12.30*	90⅞	12.30
Federated Dept Stores				
10⅜ May 2013	87.132*	12.25*	87.132	12.25
Abbot Lab				
11.80 Feb 2013	96.396*	12.25*	96.396	12.25
Alcoa				
12¼ Dec 2012	96.16*	12.75*	96.16	12.75

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
December	70.26	71-00	70-20	70-27
U.S. Treasury Bills (IMM) $1m points of 100%				
December	91.15	91.18	91.12	91.16
Certificates of Deposit (IMM) $1m points of 100%				
December	90.44	90.47	90.43	90.46
LONDON				
Three-month Eurodollar $1m points of 100%				
December	90.30	90.31	90.27	90.28
20-year National Gilt £50,000 32nds of 100%				
December	108-18	108-25	108-06	108-25

COMMODITIES

(London)	Nov. 2	Prev
Silver (spot fixing)	589.90p	560.25p
Copper (cash)	£933.50	£930.50
Coffee (Nov)	£1861.00	£1853.00
Oil (spot Arabian light)	$28.45	$28.50

LONDON

Eagle Star heads for the skies

THE largest ever UK bid, BAT Industries' surprise £796m agreed offer for Eagle Star Insurance, was the all-consuming influence early yesterday on London stock markets.

Eagle Star – already in receipt of an unwelcome 500p per share partial offer from Allianz Versicherung, owner of a near-30 per cent stake – soared to 610p before closing 57p up at 585p.

Blue chip industrials meanwhile continued to trade firmly, although values went lower when retailer Marks & Spencer's interim results failed to match some optimistic market estimates. It fell 6p lower to 206p, while the FT Industrial Ordinary index closed 1.6p up at 707.8.

Details, Page 41; Share information service, Pages 42–43.

HONG KONG

AN UNEXPECTEDLY large 1.5 point cut in local prime lending rates was the signal needed to send shares higher in Hong Kong. The Hang Seng index advanced 20.16 to 866.90 during the moderately active regular half-day session.

SINGAPORE

UNCERTAINTY OVER future trends kept investors away from the Singapore market and the Straits Times industrial index drifted 0.94 lower to end at 937.32.

Cerebos was again at the centre of the limited activity, ending 1 cent lower at S$1.97 while K L Kepong also shed 1 cent to end at S$2.89.

AUSTRALIA

FOREIGN DEMAND for Broken Hill Proprietary, following several bullish recommendations by brokers, dominated activity in Sydney. But although trading in BHP was relatively heavy, the price ended unchanged at A$12.50.

The remainder of the market was depressed and the All Ordinaries index dipped 2.7 to 685.4.

SOUTH AFRICA

IMPROVED DEMAND as the bullion price recovered above $380 an ounce took gold shares sharply higher in Johannesburg. Among the heavyweights, Randfontein added R6 to R128 while President Steyn rose R4 to R47.

Mining financials and other precious metals sectors also benefited from the recovery. Anglo American Gold rose R4 to R114, while in diamonds, De Beers and Rustenburg were each 20 cents firmer at R8.60 and R11.10 respectively.

Industrials ended mixed where changed.

CANADA

A REVIVAL in world gold values provided the spur to a broad-ranging Toronto advance in which base metal and mineral issues also drew benefit and the oil and gas sector maintained its strength.

This was founded partly on an analyst's forecast of dramatically improved prospects for the oil industry next year.

The non-resource areas of the market trailed, as did Montreal, where a good showing by banks was again partly offset by weakness in the papers sector.

TOKYO

Poll fears erode firmness

AN EARLY rise on the strength of Wall Street's overnight firmness evaporated in Tokyo yesterday as investors became concerned again about continuing political confusion and a possible election loss by the Liberal-Democrats, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow average, which had eased 5.88 on Tuesday, shed another 6.79 to finish at 9,344.12. Volume remained slow at 310.63m shares against the previous day's 315.36m. Declines slightly outpaced advances 335 to 318, with 197 issues unchanged.

Medium-capital stocks with the likelihood of quick price fluctuations were selected, but trading was generally spiritless, with no specific shares or industries acting as market leaders.

Renewed talk of a general election by the end of the year and a possible setback for the ruling party heightened investor cautiousness, together with concern about the tapering-off of foreign buying.

Large-capital steels continued to attract foreign interest but turned lower in late profit-taking. Kobe Steel, the second most active issue, dipped Y1 to Y159, Nippon Steel Y1 to Y170 and Nippon Kokan Y3 to Y147. But shipbuildings were firm, with Mitsubishi Heavy Industries rising Y2 to Y255 and Ishikawajima-Harima Y8 to Y165.

Among motors, Isuzu Motors declined Y11 to Y400 but Toyota Motor gained Y20 to Y1,300. Honda Motor, which has an assembly plant in Ohio excluded from a new Japan-U.S. agreement to curb Japanese car exports to the U.S. market to 1.85m units in fiscal 1984, rose Y30 to Y1,040.

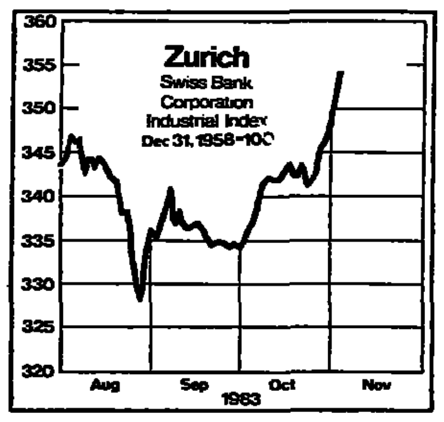
Pharmaceuticals were steady. Dai Nippon Pharmaceutical advanced Y150 to Y3,230 and Asahi Chemical Y5 to Y373, both on the reappraisal of their new anti-cancer drugs.

Blue chips mostly remained out of investor favour. TDK lost Y40 to Y4,790, Kyocera Y40 to Y7,060 and NEC Y20 to Y1,280, but Hitachi gained Y6 to Y872.

A slackness in Tokyo's first market sent the bulk of speculative funds flowing into the second market, lifting the Tokyo Stock Exchange index to an all-time high of 1,348.05, up 4.40 from Tuesday.

Little activity was evident in the bond market, and institutional investors maintained their cautious posture, still waiting for new trading incentives. Only some regional banks moved in to sell a small amount of their bond holdings.

The yield on the barometer 7.5 per cent government bonds, maturing in January 1993, dipped to 7.73 per cent from Tuesday's close of 7.74 per cent.



EUROPE

Rescue bid frightens Frankfurt

THE RESCUE package arranged by the Bundesbank and commercial banks for the private bank, Schröder Münchmeyer, Hengst (SMH), contributed to a nervous and sometimes hectic session in Frankfurt yesterday.

The banking sector came under particular pressure, although stores proved to be the biggest losers of the day. The failure of merger plans between Thyssen and Krupp depressed the steel sector.

The market was also discouraged by the strength of the dollar against the D-Mark, and the Commerzbank index fell back 11.80 from the previous calculation on Monday to 1,007.40.

Among the banks, Commerzbank dipped DM 3.10 to DM 169.90, Deutsche DM 3.50 to DM 311 and Dresdner DM 2 to DM 173. In stores, Kaufhof shed DM 7 to DM 258, Karstadt DM 6 to DM 281 and Horten DM 1 to DM 171.50.

Of the steels, Thyssen shed DM 1.20 to DM 76.50 and Krupp was DM 3 lower at DM 72. Hoesch dropped DM 4.60 to DM 90.10 and Klöckner Werke eased 30 pfg to DM 38.50.

News of BAT Industries' move for Eagle Star, the British insurer, was countered by an announcement that Allianz, which has already made a bid, could raise its offer.

Domestic bonds eased slightly, undermined by the strength of the dollar. The Bundesbank bought DM 11.2m worth of paper, after Tuesday's DM 9.7m worth.

In Amsterdam, the failure of wage talks between the Government and civil servants undermined the market and shares ended lower. The public employees are now expected to call for widespread strikes following the Government's refusal to rescind a planned 3.5 per cent salary cut in 1984.

This spectre of unrest dampened the foreign demand which has fuelled the market for much of the year. Shares also suffered from some domestic selling as investors set about financing October stock options.

Among internationals, KLM fell Fl 2 to Fl 159.30 ahead of its first-half results due today, while Philips was Fl 1.40 lower at Fl 43 and Akzo lost Fl 1.20 to Fl 73.30.

Dutch bond prices firmed slightly after opening unchanged, but volume remained low and trading was featureless. The 9.5 per cent state bond was up 20 cents to Fl 104.80 to yield 8.3 per cent on a 5.2 year average life and 8.64 per cent on an 8.2 year average life.

Paris returned from its four-day holiday to find Wall Street's overnight performance undermined by a quarter-point rise in the French call money rate to 12⅞ per cent.

Shares ended mixed with metals, banks, constructions and electronics firmer but foods, financials and chemicals easier. Among the firmer banks, Crédit Foncier rose FFr 11 to FFr 565 while in the foods and drink sector Martell fell FFr 15 to FFr 1,200.

A rush of new share issues left Brussels lower with most holding companies and industrials easier.

A weaker trend emerged in Stockholm after a strong start. Pharmacia re-

Continued on Page 40

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
17⅞	7⅝	AAR	.44	3.1	18	14	14⅛	14	14⅛	+ ⅛
52⅛	29½	ACF	1.40	2.9	445	149	49	48⅜	49	+ ⅛
20	14⅛	AMF	.50	2.7		1886	19⅜	17⅞	18⅝	+ ⅝
38¼	16¼	AMR Cp			15	4131	34⅛	33½	33½	− ⅜
19	15	AMR pf	2.18	12		28	19	18⅞	18⅞	
39⅛	24⅞	AMR pf	2.13	5.8		334	37¼	36½	36⅝	− ⅛
15⅛	2⅛	APL			25	163	12½	11⅝	11⅞	− ⅝
55	31¼	ARA	2.05	4.2	12	673	49⅜	48½	49	− ¼
79⅞	43	ASA	3a	5.8		1189	52⅜	51	51⅝	+ ⅛
33¼	11½	AVX	s .32	1.5	33	726	21¼	20	21½	+2
53⅜	34⅛	AbtLab	1	2.0	18	1455	51½	50½	51¼	+ ⅛
30¼	23⅛	AccoW	n .50	2.0	16	108	25	24½	25	+ ¼
27½	16¼	AcmeC	.40	1.8		30	22⅝	22⅛	22½	+ ⅛
14⅜	7⅜	AcmeE	.32b	3.1	519	51	10½	10¼	10⅜	− ⅛
24⅞	7¼	AdmDg	.04	.2	17	6	20⅜	20⅜	20⅜	
18	14⅞	AdaEx	1.73e	9.7		80	17⅝	17¼	17¼	+ ⅛
19⅛	7¼	AdmMl	.24	1.8	7	108	13⅜	13⅛	13⅜	+ ⅛
18⅞	8⅜	Advest	s .12	1.0	8	142	12¼	12⅛	12¼	
34⅞	10⅞	AMD	s		51	2147	30¼	30	30¼	+ ⅝
24⅝	12⅞	Aeflx	s		15	21	15⅛	14⅞	15	+ ⅛
44⅞	32⅞	AetnLf	2.64	7.2	9	2177	36⅝	36¼	36⅝	+ ⅛
65	55¼	AetL pf	5.18e	9.0		23	57¼	56⅞	57¼	+ 1½
40½	19½	Ahmns	.60	2.1	16	616	28⅞	28⅝	28⅝	− ⅛
[illegible]										

A FINANCIAL TIMES SURVEY

CUMBRIA

DECEMBER 9, 1983

The Financial Times is proposing to publish a Survey on Cumbria in its issue of December 9, 1983. The provisional editorial synopsis is set out below.

INTRODUCTION: Cumbria is the second largest county in England and Wales. Though it is a mainly rural area, good communications provided by the M6 motorway, the main West Coast London to Edinburgh rail line and services from Carlisle Airport provide a solid foundation for industry. An unemployment rate lower than the national average masks the economic problems of West Cumbria which has suffered industrial shrinkage. The Survey will examine new initiatives designed to bolster the country's economy.

Editorial coverage will also include:

INDUSTRY PROPERTY ENTERPRISE ZONE TOURISM

For further information and advertisement rates please contact:

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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

The size, contents and publication dates of all Surveys are subject to change at the discretion of the Editor

Continued on Page 39

هكذا عند الأصل

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
22⅞	8⅛	AAV	.32	2.1	11	36	16¼	15½	15½	-½
4¼	3	AICPh				3	3⅞	3⅞	3⅞	
6⅞	2⅛	ATI				86	2⅞	d2	2	-⅛
12¼	2⅞	AcmePr			7	20	5⅞	5⅞	5⅞	-¼
19½	11⅞	AcmU	s .32	2.4	14	54	13¼	12⅞	13⅛	
14½	3⅞	Acton	.5		8	54	11⅝	11¼	11½	-⅛
12	6⅞	Actons		.11	15 32	27	6⅞	6⅞	6⅞	-¼
5½	1½	Acm	wt			1	2⅞	2⅞	2⅞	
8	1⅛	AdmRs				31	4	3⅞	3⅞	
30⅞	17⅛	AdRusl	s .10	.4	15	19	23	22⅞	23	+⅛
28⅞	14¼	Adobe	.24	1.2	14	113	20⅞	19½	20⅞	+⅝
5⅛	2	AegisCp			13	77	3⅞	3⅝	3¾	+⅛
7	4	Aeronca			8	33	4⅛	4½	4¼	+⅛
17½	4½	AfiSar			9	18	11⅝	11½	11⅝	+⅛
15½	5⅞	AirExp			-	4	6¼	6⅛	6¼	+⅛
6⅞	4⅞	Alamc	n		10	114	5	4⅞	4⅞	
23⅛	4½	AlbaW	.15e	1.2	8	48	12¼	12	12¼	+¼
12¼	3	AlnTr	s			10	5	4¼	5	
12¼	7⅞	AlmySt			17	14	11⅝	11⅛	11⅝	+⅝
10½	5⅝	AlohaA				107	7¼	7	7	+½
28⅞	15¼	Alpnat	s .05	.3	25	51	20	19⅞	19½	-¼
⅞	⅛	Altec	v			205	½	¼	½	
2⅞	1⅛	Altex				56	2	1¾	1⅞	
11-16	1-16	Altex	wt			53	⅛	⅞	⅛	
37	28½	Alcoa	pf3.75	11.		z50	34	34	34	
32½	14⅛	AlzaCp				558	16½	14⅞	16½	+1¼
29⅞	13¼	Amdhl	s .20	1.1	27	477	17⅞	17¼	17½	+⅛
25⅞	6⅝	Amedc	s .08	.5	19	63	15⅞	14¼	15	+⅞
7½	3½	ABik	n .15	2.7	31	15	5½	5½	5½	-⅛
5	2	AmCap				15	3¼	3¼	3¼	
44¾	16¼	AExp	wt			97	24⅞	22¼	23⅞	+1⅛
[illegible]										

B-B-B

[illegible]

C-C-C

[illegible]

D-D-D

[illegible]

E-E-E

[illegible]

F-F-F

[illegible]

G-G-G

[illegible]

H-H-H

[illegible]

I-I-I

[illegible]

J-J-J

[illegible]

K-K-K

[illegible]

L-L-L

[illegible]

M-M-M

[illegible]

N-N-N

[illegible]

O-O-O

[illegible]

P-Q

[illegible]

R-R-R

[illegible]

Continued on Page 40

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 38

[illegible]

O-O-O

[illegible]

P-Q

[illegible]

R-R-R

[illegible]

S-S-S

[illegible]

T-T-T

[illegible]

U-U-U

[illegible]

V-V-V

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										
76½	45½	VaEP	pf5.60	12.		0	74½	74½	74½	-1½
25	22	VaEP	pf2.90	12.		14	23½	23½	23½	-½
65½	57	VaE	pf7.72	13.		z210	61	61	61	-1
27½	16½	Vornad			28	20	23⅞	23½	23½	-½
70	48	VulcM	2.44	4.1	17	15	60½	60	60	-1

W-W-W

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23¾	18	WICOR	2.14	9.4	9	62	23	22½	22⅞	+⅛
47	37½	WabR	pf4.50	10.		z30	44	44	44	-1
47⅞	29⅞	Wachov	1.56	3.5	10	148	45½	44⅞	45½	+⅝

Continued on Page 40

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 39

[illegible]

NEW YORK CLOSING PRICES

Continued from Page 39

[illegible]

CANADA

[illegible]

DENMARK

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

ITALY

[illegible]

SWITZERLAND

[illegible]

AUSTRALIA

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

JAPAN (continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible]

EUROPE

Continued from Page 37

mained at the centre of attention following the announcement that it was issuing 2.2m American Depositary Receipts (ADRs) in New York at $22 each. One free "B" share is to be the equivalent of two ADRs.

Pharmacia's shares dropped SKr 15 to SKr 355, following Tuesday's SKr 37 decline in the face of a 59 per cent rise in pre-tax profits for the first nine months.

A firmer tone was evident in other bourses. Renewed foreign demand for blue chips pushed **Zurich** higher.

The Swiss bond market closed steady in moderate trading while in foreign equities, most dollar stocks traded above the overnight closing levels in New York.

Fairly active demand took **Milan** higher. Bastogi advanced L7 to L177.40 and Montedison L6 to L191.

Advances in the banking sector underpinned a firmer **Madrid**

FRANKFURT

Sharp jump in turnover

TURNOVER IN West German shares increased sharply on the Frankfurt stock exchange last month, after ticking over at a modest rate for several months.

With prices and the volume of trading bounding ahead, turnover amounted to DM 3.16bn ($1.19bn), 67 per cent ahead of the previous month and well over double the turnover of October last year.

Taking account of trading in German and foreign shares, as well as bonds, total Frankfurt stock exchange business was up 43 per cent on the previous month at DM 8.2bn.

Frankfurt is the largest of the eight West German stock exchanges, accounting last year for more than half the total business.

Turnover of West German shares in Frankfurt amounts to DM 31.6bn since the beginning of the year. This is already more than double the turnover for the whole of last year.

The increase for all stock market business together is less dramatic but still large. Since the beginning of the year, total business amounts to DM 80.6bn, which exceeds the total for the whole of last year by 20 per cent.

Turnover in West German insurance shares increased 190 per cent last month, with strong speculative interest in Allianz Versicherung.

Retail stores showed a 111 per cent increase in turnover and motor vehicles a 97 per cent increase.

Turnover in chemical and electrical engineering shares was up about 50 per cent, while interest in banks boosted turnover in that sector by 43 per cent.

Indices

NEW YORK-DOW JONES

	Nov 2	Nov 1	Oct 31	Oct 28	Oct 27	Oct 26	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	1237.3	1229.27	1225.2	1223.48	1242.87	1243.8	1272.15 (7/10)	174.39 (31/8)	1272.15 (7/10/83)	41.22 (2/7/32)
Transport	584.88	579.32	577.17	576.61	580.44	580.25	593.28 (24/10)	434.24 (3/1)	593.29 (24/10/83)	12.23 (8/7/32)
Utilities	149.81	140.22	148.7	138.28	139.89	148.22	148.7 (31/10)	119.46 (3/1)	163.32 (20/4/69)	10.85 (28/4/42)
Trading vol 1000s's†	9558	8446	7946	8118	7957	7957	-	-	-	-

	Oct 28	Oct 21	Oct 14	(Year Ago Approx)
Ind div yield %	4.55	4.46	4.41	5.60

STANDARD AND POORS

	Nov 2	Nov 1	Oct 31	Oct 28	Oct 27	Oct 26	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	185.3	183.89	183.94	183.8	185.53	186.22	193.22 (22/6)	154.95 (3/1)	193.22 (22/6/83)	3.52 (30/6/32)
Composite	164.84	163.64	163.55	163.37	164.84	165.38	170.99 (22/6)	138.34 (3/1)	170.99 (22/6/83)	4.4 (1/6/32)

[illegible]

N.Y.S.E. ALL COMMON

[illegible]

RISES AND FALLS

[illegible]

MONTREAL

[illegible]

TORONTO

[illegible]

U.S. INDICES, CLOSING VALUES. YESTERDAY'S CANADIAN INDICES: LATEST AVAILABLE

[illegible]

(**) Saturday Oct. 29: Japan Nikkei-Dow 9301.56 TSE 682.36.

Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 industrial. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

LONDON STOCK EXCHANGE

MARKET REPORT

Largest-ever UK bid dominates markets which also feature GEC and Marks & Spencer

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Oct 17	Oct 27	Oct 28	Nov 7
Oct 31	Nov 10	Nov 11	Nov 21
Nov 14	Nov 24	Nov 25	Dec 5

*" New-time " dealings may take place from 9.30 am two business days earlier.

The largest-ever UK bid, **BAT Industries'** surprise £796m agreed offer for **Eagle Star Insurance**, was the all-consuming influence early yesterday on London stock markets. It riveted attention to the Insurance pitches where Eagle Star, already in receipt of a controversial and unwelcome 500p per share cash, but partial, offer from the German group, Allianz Versicherung, the owner of a near-30 per cent stake in the UK Insurance Composite, soared to 610p before closing a net 57 up on the day at 585p. Investors expected Allianz to either counter the offer or realise the big profit on their stake, using the funds for a raid on another Composite Insurance concern.

Blue chip industrials meanwhile continued to trade firmly. Higher at the outset in sympathy with overnight Wall Street and still supported by favourable UK economic pointers, values went lower when **Marks and Spencer's** interim results failed to match some optimistic market estimates.

The recently-buoyant Stores sector suffered a relapse. All leading retailers were marked lower in sympathy with market leader **Marks and Spencer**, which fell from an enhanced opening level of 215p to 203p prior to settling 6 lower on the day at 206p.

Lacking investment popularity recently while other top industrials have prospered, **GEC** were rejuvenated by talk that Merrill Lynch, a leading American broking house had recommended the shares as a " buy." GEC surged higher in active trading to 209p but slipped back to end 8 up on balance at 201p. Interest spilled over in other Electricals, especially high-technology issues which advanced strongly.

The FT Industrial Ordinary share index extended this week's advance, after some lunchtime indecision, to close 1.6 up at 707.8. The rise in GEC accounted for a point of the gain.

Conventional gilt-edged stocks took a breather after the recent good rise induced by renewed optimism about the UK inflation and interest rate outlook. Potential investors dithered yesterday because of bond market uncertainties and the U.S. debt ceiling deadlock. Light profit-taking left closing falls of around ¼ in the longs, while shorter maturities closed mixed. Index-linked stocks, on the other hand, moved higher with the Government Broker selling supplies of £30-paid Treasury 2½ per cent 2020 at £30½ and then withdrawing.

Eagle Star counter bid

A recovery in the gold bullion price to $382½ an ounce helped South African gold shares regain some composure. Heavyweight issues rallied £2 in places and the FT Gold Mines index rebounded 33.3 to 477.9.

The excitement generated by the Eagle Star counter bid spilled over into other Composite Insurances and virtually all quotations were marked sharply higher. Best levels were not always held, but some hefty gains still remained at the close. **Phoenix** jumped to 380p before closing a net 17 up at 365p, while **General Accident** rose 18 to 430p. **GRE**, up to 490p initially, finished 8 higher on balance at 480p and **Commercial Union** settled just 4 dearer on balance at 174p, after 183p. **Royals** rose 10 to 495p; the acquisition of American Overseas Holdings, a U.S. reinsurance company, for $23m, has been completed.

Press suggestions that the Kuwait Investment Office's stake in the company may have changed hands prompted profit-taking in Lloyds broker **Hogg Robinson**, which reacted to 121p before closing 4 cheaper on balance at 127p.

The major clearing banks, dull for some time on South American debt worries, took suggestions that Argentina could default on its debts calmly. **Lloyds**, has a larger South American involvement than other clearers, hardened 3 to 448p, but NatWest lost 7 to 583p.

Disappointing September beer production figures, which showed a 5.1 per cent decline, prompted an initial mark-down among recently-firm Breweries. Demand revived later, however, and falls were usually reduced to a couple of pence. **Grand Metropolitan**, down to 316p earlier, recovered to finish only 3 cheaper on balance at 322p, while **Bass** settled 5 down at 317p, after 315p. Among regionals, **Belhaven**, continued to benefit from favourable mention and hardened a few pence more at 29p.

Small buying in absence of sellers gave leading Buildings a generally firm appearance. **Blue Circle**, 418p, and **Redland**, 247p, gained 5 apiece, while **RMC** improved 3 to 371p and **Tarmac** 4 to 416p. Among Contracting and Construction issues, **George Wimpey** hardened 3 to 133p and **Taylor Woodrow** edged up 5 to 550p, but **Barratt Developments** encountered profit-taking after Monday's advance an dshed 4 to 190p. Elsewhere, **Newarthill** gave up 10 at 490p on lack of interest and **Helical Bar** slipped 5 to 70p.

Marks & Spencer react

Following Tuesday's debut on the New York big board, **ICI** opened a shade easier at 576p but rose to 584p before closing without alteration at 578p. Among other Chemicals, **Leigh Interests** put on 4 for a two-day speculative gain of 14 to 88p.

Firmer ahead of the announcement, **Marks and Spencer** disappointed some market traders in revealing first-half profits at the lower end of estimates and fell sharply to 202p; a closer examination of the figures sparked a rally, however, and the shares closed a net 5 down at 206p. Other Store leaders eased in sympathy and settled with modest falls, although dealers reported an underlying firmness at prevailing levels. **British Home**, 210p, and **House of Fraser**, 230p, gave up 5 and 4 respectively, while **Gussies A**, up to 593p earlier in continued response to the chairman's annual statement, closed 3 cheaper on balance at 580p.

Activity among secondary Stores centred on those reporting trading statements, although here too sentiment was unsettled by the Marks and Spencer announcement. **J. Hepworth** reported a sharp upturn in preliminary profits and dividend following the encouraging performance of the **NEXT** womenwear chain and rose to 192p before easing to finish a net penny off at 189p. **Peters**, also reporting full-year figures, hardened 2 to 90p, but **Ellis and Goldstein** eased 1½ to 35p despite the interim profits expansion. **Mellins** remained a volatile market in the wake of Tuesday's rumours and subsequent statement from the company; the shares dipped to 60p before renewed buying in front of tomorow's rescheduled interim results prompted a close of 72p, up 2 on balance. **S. Casket** added a couple of pence at 27p following the chairman's confident annual statement.

A flurry of activity in **GEC**, prompted by a U.S. broker's recommendation, helped enliven interest in other leading Electricals, but many eventually settled with little change on the day. **Cable and Wireless** were outstanding at 283p, up 11, while **International Signal** improved 8 to 180p. Occasional support was forthcoming recently-depressed high technology stocks, **Diploma** advancing 21 to 408p and **Memec** 18 to 245p. **Farnell** gained 10 to 312p and **Unitech** were 8 dearer at 210p. **Microfilm Repro** hardened a couple of pence to 70p on news of the European Microfilm Services acquisition.

Powell Duffryn and **Babcock International** were extremely sensitive markets on fears aroused by the financial difficulties of a private West German bank. **Powell Duffryn** fell to 225p at one stage, but rallied to close 12 down on balance at 236p, while **Babcock** touched 132p before setting at 140p for a fall of 9 on the day.

Noteworthy movements among leading Foods were few, but **Tesco** eased 3 to 168p; the interim results are due next Wednesday. **J. Sainsbury** softened a couple of pence to 418p and **Kwik Save** 3 to 322p. Elsewhere, **Bio-Isolates**, a volatile market recently, lost 8 to 140p, but **Slaters Foods** attracted support in a thin market and gained 10 to 145p. **FMC**, the subject of a 49p per share bid from Hillsdown Holdings, put on 4 at 52p, largely reflecting the efforts of a single buyer.

Shiloh weaken

Activity in Miscellaneous Industrial leaders remained at a relatively low ebb, but **Glaxo** improved 22 to 742p with sentiment helped by news that the group had received official UK approval for its drug Fortam. **BTR** also attracted demand and put on 9 at 546p. Elsewhere, **Shiloh** were a weak market at 108p, down 16, on the poor interim results. In contrast, revived talk of a possible consortium bid lifted **Rank Organisation** 6 to 184p, while **Cape Industries** helped by the better trend in South African markets, improved 7 to 118p. **Prestige** rose 7 to 217p, but **Wolsely-Hughes** finished 8 lower on the day at 524p, after having risen to 545p immediately following the preliminary figures. U.S. demand prompted a rise of 2½ to 21p in **Waterford Glass**, while **Gripperrods** hardened 3 more to 130p. **Fitzwilton**, on the other hand, reacted 7 to 64p in sympathy with a fresh setback in Atlantic Resources.

Travel concern **Horizon**, a dull market of late on package holiday price-war fears, rallied 6 to 128p on the return of small buyers. Elsewhere in the Leisure sector, **Barr and Wallace Arnold Trust " A "** shed 5 to 90p following a newsletter's " take profits " advice.

Motors closed with small selective gains. Comment on the encouraging mid-term results lifted **Flight Refuelling** 3 more to 210p, while **Airflow Streamlines**, interim results due today, hardened a couple of pence to 26p. **British Car Auction**, still buoyed by the annual results and 100 per cent scrip issue, rose 4 more for a two-day gain of 8 to 208p.

Properties resumed their recent good advance initially, but later eased from the best in the absence of follow-through support. **Land Securities** finished 2 dearer at 330p, after 332p; the interim results are due on November 14. **MEPC** ended only a penny harder at 237p, after 240p, but **Peachey** retained a gain of 3 at a 1983 peak of 176p. Elsewhere, **Laing Properties** revived with a gain of 4 to 222p, while **Percy Bilton** hardened a couple of pence to 234p. **Allied London Properties** firmed 4 to a year's high of 129p in response to the increased annual profits, scrip issue proposal and property revaluation.

Button and badge manufacturers **Firmin** were marked 33 higher at 93p following a bid approach. **Harold Ingram** attracted renewed interest in a restricted market and at 223p, recovered 25 of Tuesday's fall of 37. Elsewhere in Textiles, **Albert Martin** added 2 at 34p after an investment recommendation.

Although attention among Tobaccos was understandably centred on Bats, other issues responded to steady support. **Imps**, 135p, and **Rothmans**, 109p, both rose 3 apiece.

Dealings in **EDITH**, formerly Estate Duties Investment Trust, were suspended at 47p pending details of a possible offer from Investors in Industry, which currently controls 40.5 per cent of the equity capital.

The Oil sector was notable for a further shake-out in Irish exploration issues. Renewed profit-taking clipped 55 more from **Atlantic Resources** making a two-day relapse of 110 at 650p, while **Aran** fell 5 afresh to 54p. Elsewhere, **Cluff** at 100p, encountered profit-taking and lost 3 of the recent strong rise which reflected the company's optimism about its Yellow Sea exploration venture.

Golds rally

Gold share prices staged a strong rally on the back of the improvement in the bullion price, although there was comparatively little business in the sector.

Leading heavyweights were marked up by one or two points across the board, with several stocks doing even better than that, as in **Randfontein**, 3½ to the good at £72½. **President Brand**, 2½ firmer at £26 and **Kloof**, which rose 2½ to £27½.

President Steyn at £27½ and **Western Holdings** at £28½ were both 2½ higher, while rises between one and two points were common to a range of stocks including **St Helena** at £21½, **Buffels** at £28½, **Driefontein** at £19, **Hartebeest** at £37½, and **Libanon** at £19.

ERPM and **Welkom** were outstanding among the medium and lower priced issues with rises of 74 apiece to 842p and 792p respectively, while **Grootvlei** at 775p, **Blyvoor** at 876p and **Elandsrand** at 674p were all 50 or more to the good.

The Gold Mines index gained ground for the first time in five trading days, rising 33.3 to 477.9, while bullion put on $4.50 to $382½.

Gold-based South African Financials also improved in line with the mines, showing **Gold Fields of South Africa** 1½ better at £12½, **" Amgold "** a point higher at £65 and **Gencor** ½ firmer at £13½.

The generally firmer tone exerted its customary influence on Diamonds and Platinums, with **" Anamint "** 3 points higher to £65. **Rustenburg** were 30 better at 640p, **Lydenburg** 25 higher at 490p and **Impala** 20 up at 760p.

Gold Fields were the highlight among otherwise quiet London Financials, racing ahead to 482p in anticipation of encouraging news from the chairman's annual statement. The price dipped a little later in the day to close 15 up on balance at 478p.

Rio Tinto-Zinc gained 10 to 578p in line with the improvement in copper prices.

Australians again had a quiet day, although **Peko-Wallsend** reacted 14 to 356p in line with overnight domestic markets on fears for the future of uranium mining " down under."

Demand for Traded Options expanded sharply and 4,851 contracts were struck. An investment recommendation from an eminent U.S. broker prompted a buoyant trade in GEC positions with 962 calls and 297 puts done; the January 200 calls attracted 333 trades and rose 6 to 18p, while the January 220 calls recorded 416 trades and added 2 to 7p. **Commercial Union** was again to the fore reflecting persistent takeover hopes and attracted 988 calls with 681 struck in the January 180's. A lively two-way business developed in **Marks and Spencer** after the interim figures, recording 269 calls and 114 puts, with 110 of the latter struck in the January 200's.

FINANCIAL TIMES STOCK INDICES

	Nov. 2	Nov. 1	Oct. 31	Oct. 28	Oct. 27	Oct. 26	year ago
Government Secs. ...	82.22	82.34	83.07	81.70	81.75	81.94	86.84
Fixed Interest.........	85.13	85.16	84.88	85.16	84.90	85.16	86.49
Industrial Ord..........	707.8	706.2	703.1	691.1	694.0	690.0	624.3
Gold Mines..............	477.9	444.6	461.3	475.8	478.3	509.3	405.5
Ord. Div. Yield.........	4.82	4.84	4.84	4.90	4.89	4.92	4.92
Earnings, Yld.% (full)	9.55	9.59	9.59	9.72	9.69	9.75	10.55
P/E Ratio (net) (*).....	13.07	13.01	13.01	12.84	12.88	12.80	11.38
Total bargains.	21,002	21,087	21,014	18,847	19,153	17,901	21,660
Equity turnover £m.	—	202.57	202.89	207.19	167.85	167.52	201.48
Equity bargains.......	—	18,157	16,110	17,156	14,780	13,521	18,090
Shares traded (ml)...	—	135.6	127.6	142.0	119.0	108.0	145.3

10 am 708.9. 11 am 708.2. Noon 703.7. 1 pm 705.5.
2 pm 705.5. 3 pm 707.3.
Basis 100 Govt. Secs. 18/1/28. Fixed Int. 1928. Industrial 1/7/35.
Gold Mines 12/1/58. SE Activity 1974.
Latest Index 01-246 8026.
Nil=12.29.

HIGHS AND LOWS

	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs...	83.60 (15/8)	77.00 (24/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int....	85.16 (28/10)	79.03 (1/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord......	740.4 (22/8)	598.4 (12/1)	740.4 (22/8/83)	49.4 (26/6/40)
Gold Mines	734.7 (15/2)	444.5 (1/11)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Nov. 2	Oct. 31
—Daily Gilt Edged Bargains...	200.0	121.7
Equities Bargains...	117.6	104.4
Value	409.4	410.1
5-day Avrge Gilt-Edged Bargains...	147.5	159.9
Equities Bargains ...	103.3	96.3
Value........	383.2	333.0

NEW HIGHS AND LOWS FOR 1983

NEW HIGHS (46)

BRITISH FUNDS (1)
Treasury 3pc 1985
LOANS (2)
Inv in Ind 7¼pc ADb 1989-92 | Nationwide 11¼pc 20'8'84
AMERICANS (6)
Cons Foods | General Foods Crpn
Exxon | Quaker Oats
Florida Power Light | Saul (B. F.)
CANADIANS (1)
Bell Canada
BUILDINGS (2)
BPB Inds | Jennings Inds
CHEMICALS (2)
Ciba-Geigy 8¼pcCnv 1982-95 | Plysu
STORES (4)
Combined English | Stirling Group
Ramar Textiles | WW Group
FOODS (1)
Nabisco Brands
INDUSTRIALS (6)
Continental Group | Gieves
Duport | Lilleshall
Dyson (J. and J.) A | Wedgwood
INSURANCES (5)
American Gen Crpn | Phoenix
Comm Union | Sun Alliance
Eagle Star
LEISURE (1)
LWT A
MOTORS (1)
Honda Motor
PROPERTY (5)
Allied Lon Props | Samuel Props
Estates and General | Trafford Park Ests
Peachey
SHOES (1)
Headlam Sims
TEXTILES (1)
Sirdar
TRUSTS (7)
British Invest | Akroyd Smithers
Camellia Invs | Lon Merchant Secs
Danae Inc | Park Place Invs
Safeguard Indl

NEW LOWS (15)

BUILDINGS (2)
Lafarge-Coppee | Newarthill
ENGINEERING (3)
Clayton Son | Spirax-Sarco
Davy Crpn
INDUSTRIALS (3)
Dobson Park | Hayters
Granada A
LEISURE (1)
Nimslo Intnl
MOTORS (1)
Coleman Milne
PROPERTY (1)
CALA
OILS (1)
Tri-Basin Res
MINES (3)
Meekatharra | Admiral Mines
Middle Wits

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price	+ or	Net Div.	Times Covered	Gross Yield	Price Earnings Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price £	+ or
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue price	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price	+ or
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital: cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1983. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. ⊕ Figures or report awaited. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a " rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. ‡ Effective issue price after scrip. † Formerly dealt in under special rule. †† Dealt in under Rule 163 (3). ✻ Unlisted Securities Market. *Comprising of 10 New ordinary plus 1 Series B Warrant.

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Oct 24	Nov 4	Jan 26	Feb 6
Nov 7	Nov 18	Feb 9	Feb 20
Nov 21	Dec 2	Feb 23	Mar 5

For rate indications see end of Share Information Service

Call options were arranged in **Brooke Bond, Sterling Guarantee, First National Finance, Rank Organisation, Burnett and Hallamshire, GEC, Cluff Oil, Tozer Kemsley and Millbourn. London and Liverpool, Selincourt, Brockhouse, Combined Technologies**, and **Inter-City**. Puts were done in **Burmah Oil** and **London and Liverpool**, while a double was transacted in **Burmah Oil**.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
BAT Inds	149	− 4
Babcock Int'l	140	− 9
Cons Gold Fields ...	478	+15
Eagle Star	585	+57
GEC	201	+ 8
Marks and Spencer ...	206	− 5
Mellins	72	+ 2
Mitchell Cotts	50	+ 4
Phoenix Assurance ...	365	+17
Powell Duffryn	236	−12
Randfontein Estates ..	£72½	+ 3½
RTZ	578	+10

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No of change	Tues. close	Day's change
Flogas New ...	23	65	—
Pressac	18	165	+15
Cluff Oil	16	103	+18
ICI	13	578	−10
Silvermines ...	13	120	−13
Bass	12	322	+12
Fleet Holdings	12	108	− 2
GUS " A " ...	12	583	+13
Mellins	12	70	− 8
Bula Resources	11	26	− 1
Fitzwilton ...	11	71	− 2
Glaxo	11	720	−20
Reed Inter ...	11	346	+ 6
RTZ	11	568	− 4

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	12	51	38
Corpns. Dom. and Foreign Bonds ...	15	11	51
Industrials	239	205	941
Financial and Props.	142	41	342
Oils	21	24	70
Plantations	2	2	16
Mines	71	11	84
Others	90	32	47
Totals	592	377	1.589

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Wed Nov 2 1983 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Tues Nov 1 Index No.	Mon Oct 31 Index No.	Fri Oct 28 Index No.	Thur Oct 27 Index No.	Year ago (approx) Index No.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

PRICE INDICES	Wed Nov 2	Day's change %	Tues Nov 1	xd adj. today	xd adj. 1983 to date
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AVERAGE GROSS REDEMPTION YIELDS	Wed Nov 2	Tues Nov 1	Year ago (approx)
[illegible]	[illegible]	[illegible]	[illegible]

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

Series	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS: 15,061
A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option	Calls Jan.	Calls Apr.	Calls July	Puts Jan.	Puts Apr.	Puts July
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option	Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
Imperial Group (*133)						
110	25	27	28	1	1	2½
120	15	18	19	1	3	5
130	6½	10	13	3	6	8
LASMO (*266)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option	Calls Dec.	Calls Mar.	Calls Jun.	Puts Dec.	Puts Mar.	Puts Jun.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Nov. 2. Total Contracts 4,851. Calls 3,504. Puts 1,347
* Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

Prospective real redemption rate on projected inflation of (1) 10% and (2) 7%.

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

LOANS—continued

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, H.P. & LEASING

[illegible]

BANKS—Continued

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued.

[illegible]

ENGINEERING

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

هكذا من الأصل

INDUSTRIALS—Continued

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCES

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—continued

Australians

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
28½	13½	♥ACM 20c	17½	+½	—	—	—
52	32	Allstate Expln NL	38		—	—	—
40	9	♥Australis Mng NL	24		—	—	—
25	11	Balmoral Resources	10		—	—	—
60	36	♥Black Hill Mins	36		—	—	—
85	51	♥Bond Corp	71	+1	010c	♦	4.1
183	116	♥Bougainville 1 Kina	142		m03.2	1.2	1.4
372	204	♥CRA 50c	340	+2	tQ3c	—	0.5
145	60	♥Carr Boyd 20c	64		—	—	—
38	25	♥Central Kalgoorlie	35		—	—	—
43	18	♥Central Pacific	24		—	—	—
4	2¼	♥Cons. Gold Mng Areas	2½		—	—	—
17	5	♥Coopers Res N.L.	6½		—	—	—
255	183	♥Crusader Oil	193		—	—	—
18	8	♥Cultus Pac NL	16		—	—	—
19	7	♥Eagle Corp 10c	15		—	—	—
215	96	♥Emperor Mines	152		—	—	—
14	8	♥Endeavour 20c	9¼		—	—	—
58	17	♥Enterprise Gld Mines	24		—	—	—

Tins

Miscellaneous

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
170	30	Admiral Mines	30	−4	—	—	—
90	34	♥Anglo-Dominion	67		—	—	—
93	54	♥Anglo Utd. Dev.	60	−5	—	—	—
172	60	♥Colby Res Corp.	120		—	—	—
530	315	Cons. Murch. 10c.	400	+5	tQ60c	1.9	‡
240	170	Hampton Areas 10p	185	+5	3.75	2.1	2.7
215	103	♥Highwood Res.	165		—	—	—
£24½	£17½	Homestake Mining $1	£17⅝xd	+⅛	Q20c	—	0.8
495	280	Northgate C$1	280		—	—	—
672	437	R.T.Z.	578xd	+10	t17.0	2.9	4.2
£147½	£108	Do. 9½% Cv. Ln. '95-2000	£127xd	−2	Q9½%	32.5	7.7
190	13	♥Sabina Inds C$1	70	+2	—	—	—
		For Southwest Res see Oil & Gas					
750	312	♥Tara Expln $1	668	+10	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution, this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Principal and interest tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK Listed; dealings permitted under Rule 163(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(3).
- ‡ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend: cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- || No par value.

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Issue price. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1982-83. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency

Albany Inv. 20p	62		Fin. 13% 97/02	£94¾	+¼
Bdg'wtr Est. 50p	285	+5	Alliance Gas	75	
Craig & Rose £1	£10½		Arnott	210	
Finlay Pkg. 5p	37		Carroll (P.J.)	99	
Higsons Brew	85	−2	Concrete Prods.	75	
Holt (Jos) 25p	910		Heiton (Hldgs.)	16	
I.O.M. Stm. £1	130		Irish Ropes	34	
IRISH			Jacob	81	
Exch 12% 1985	£98⅞		T.M.G.	85	
Nat 9¼% 84/89	£87⅝	−¼	Unidare	74	

For Craig see Shipping
For Pearce (C. H.) see Buildings

OPTIONS

3-month Call Rates

Industrials		House of Fraser	20	Utd. Drapery	22
Allied-Lyons	13	I.C.I.	45	Vickers	12
BOC Grp.	20	"Imps"	11	Woolworth Hld.	30
B.S.R.	20	I.C.L.	7		
Babcock	15	Ladbroke	22	**Property**	
Barclays Bank	45	Legal & Gen	46	Brit. Land	8½
Beecham	32	Lex Service	32	Cap. Counties	14
Blue Circle	45	Lloyds Bank	48	Land Sec.	28
Boots	16	"Lofs"	4	MEPC	20
Bowaters	22	London Brick	10	Peachey	16
Brit. Aerospace	19	Lucas Inds.	15	Samuel Props.	11
B.A.T.	14	"Mams"	14	Town & City	4
Brown (J.)	3½	Mrks. & Spncr.	20		
Burton Ord.	35	Midland Bank	40	**Oils**	
Cadburys	11	N.E.I.	10	Brit. Petroleum	38
Courtaulds	10	Nat. West. Bank	55	Burmah Oil	17
Debenhams	14	P & O Dfd.	22	Charterhall	9
Distillers	20	Plessey	19	KCA	6
Dunlop	6	Racal Elect.	20	Premier	6
Eagle Star	45	R.H.M.	7	Shell	55
F.N.F.C.	5½	Rank Org. Ord.	20	Tricentrol	22
Gen. Accident	42	Reed Intnl.	32	Ultramar	65
Gen. Electric	18	Sears	8		
Glaxo	75	T.I.	13	**Mines**	
Grand Met.	30	Tesco	17	Charter Cons.	28
G.U.S. 'A'	50	Thorn EMI	55	Cons. Gold	58
Guardian	45	Trusthouse	16	Lonrho	9
G.K.N.	16	Turner & Newall	7	Rio T. Zinc	62
Hawker Sidd.	28	Unilever	70		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 41

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

INSURANCES

Authorised Units—continued

Offshore and Overseas—continued

Insurances—continued

St George Assurance Co Ltd
The Priory, Hitchin, Herts. 0462 57161

Managed Fd	102.6	108.0	+1.3	—
Universal Fd	99.6	104.9	+1.1	—

Save & Prosper Group
4 Gt St Helens, London EC3P 3EP. 0708 66966

Gilt Pen Fd	187.7	196.7	+0.7	—
DepPenFd*	167.4	158.4		—
GlobalEqPen	54.9	58.2	+0.2	—

Scottish Provident Institution
6 St Andrew Sq, Edinburgh. 031-556 9181

Mixed	95.0	100.0	....	—

TSB Life Ltd
PO Box 3, Keens House, Andover, Hants. SP10 1PG.

Managed Fd	104.6	110.2		—
Property Fd	98.1	103.4	+0.1	—
Fixed Int Fd	101.2	106.6	−0.2	—
Money Fd	98.1	103.4	+0.1	—
Equity Fd	109.7	115.6		—

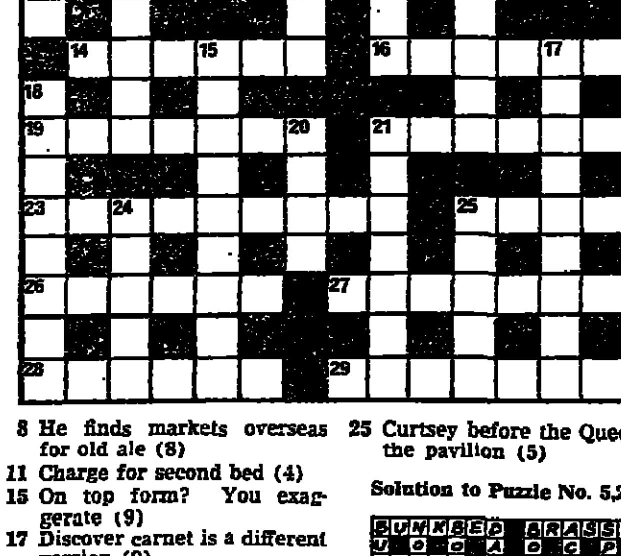
Windsor Life Assurance Co Ltd
Royal Albert Hse, Sheet St, Windsor 68144.

FutAssGth	77.0(A)	86.0(B)	....	—
FutAssPen	—	51.26	....	—
Far East Fd	124.5	131.0	....	—

Jardine Fleming & Co Ltd
46th Floor, Connaught Centre, Hong Kong.

Corr Bd	$12.80	13.73		9.3
(Accum)	$18.17	19.41		—
Asean	$9.74	10.52		—
(Accum)	$9.74	10.52		—

F.T. CROSSWORD PUZZLE No. 5,259



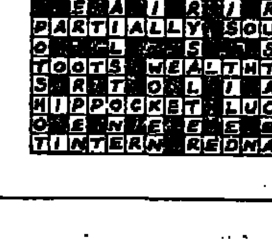
ACROSS

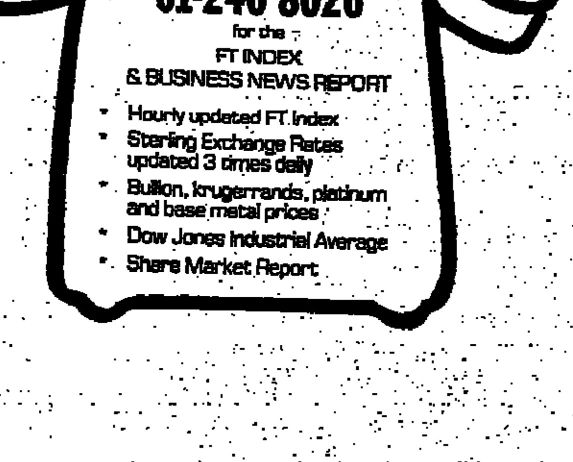
1 Not easy to get a bet on but will make a book (8)
5 An Indian dance (6)
9 So dim but somehow it is suspect (8)
10 Having a record inside puts back promotion (4,2)
12 In fighting the Aztec, later, he had considerable success (5)
13 Engaging agent confuses Terrier and small copper (9)
14 Show how to start off? (3,3)
16 Treat it another way and make a chemical test (7)
19 Part of mine is hollow on top (3-4)
21 Immediate control (6)
23 *Neat dispatch form* (9)
25 Intrude when dropping in boat (5)
26 A second plate is lost (6)
27 Not symmetrical, unvarnished and patchily coloured (8)
28 Runaway who plays a part in one of the later Handel operas (6)
29 To get access, use charm (8)

DOWN

1 A joint of meat for each picnic basket (6)
2 Reverting to old form, rest lie in disarray (9)
3 Lift and step up (5)
4 A woman who is spiteful about undisguised entertainment (7)
6 He wants to win even if he has to shoot the horse! (3-6)
7 Get into trouble although seeing company over the depression (3,2)
8 He finds markets overseas for old ale (8)
11 Charge for second bed (4)
15 On top form? You exaggerate (9)
17 Discover carnet is a different version (9)
18 He's abandoned his principles and had something to eat after a job (8)
20 The timber trade (4)
21 Manages to get relatives fine cloth (7)
22 Want the French to see the point (6)
24 Brief prefatory note in proposal to reprint romantic novels (5)
25 Curtsey before the Queen in the pavilion (5)

Solution to Puzzle No. 5,258





هكذا عند الأصل

INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3 01-623 1288

Black Horse Man Fd.		233.44	.....	—
Managed Inv. Fd.	157.35	165.64	.....	—
Property Fd.	151.07	159.03	.....	—
Fixed Interest Fd.	147.14	154.89	.....	—
Cash Fd.	135.95	143.11	.....	—
Income Fd.	171.47	180.50	.....	—
Extra Income Fd.	162.17	170.71	.....	—
Worldwide Growth Fd.	231.62	243.82	.....	—
Balanced Fd.	172.42	181.50	.....	—
Smlr Co's & Recv. Fd	203.25	213.95	.....	—
Int Technology Fd.	270.97	285.24	.....	—
Nth. Amer. & Gen. Fd.	168.18	179.14	.....	—
Energy Int. Fd.	107.69	113.36	.....	—
Pacific Basin Fund	132.41	139.38	.....	—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

Managed	111.9	117.8	.....	—
Property	109.9	115.7	.....	—
Equity	112.9	118.8	.....	—
International	127.3	134.0	.....	—
Fixed Interest	101.5	106.8	.....	—
Deposit	99.4	104.6	.....	—
Managed Pen. Cap.	112.2	118.1	.....	—
Property Pens. Cap.	109.6	115.3	.....	—
Equity Pens. Cap.	106.6	112.2	.....	—
Intnl. Pens. Cap.	132.6	139.5	.....	—
Fixed Int. Pens. Cap.	99.0	104.2	.....	—
Deposit Pens. Cap.	97.3	102.4	.....	—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity Gth Nov 2		91.5	−3.0	—
Rumt. Fed. Aug 6		255.4		—
Managed Pen Fund	186.9	177.5	−8.8	—
Property Pen Fund	114.2	120.2	−0.2	—
Index Lnkd Pen Fund	112.4	118.3	+0.9	—
Managed	119.3	125.6	+0.3	—
Property	104.1	109.6	+0.1	—
Gilt and Fixed Interest	106.7	112.4	+0.1	—

G.T. Management Ltd.
16 Finsbury Circus, Lond. EC2M 7DJ. 01-628 8131

G.T. Plan Bond Fund	122.3	128.8	−0.6	—
GT Pln High Yld Fnd.	116.4	122.6	.....	—
GT Plan Far East Fnd	112.4	118.4	.....	—
GT Plan N. Am Fd.	133.1	140.2	.....	—
GT Pln UK&G.E. Fnd	130.0	136.9	.....	—
GT Pln Wrldwde Fnd.	131.3	138.3	.....	—
GT Pension Bnd Fnd.	131.7	138.7	−0.6	—
GT Pen High Yld Fd.	131.9	138.9	.....	—
GT Pen Far East Fd.	136.4	143.6	.....	—
GT Pen N. Am. Fd.	191.3	201.4	.....	—
GT Pen UK & G.E. Fd.	150.1	158.1	.....	—
GT Pen Worldwide Fd.	139.5	146.9	.....	—

Prices for Accum. Units only.

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0733

Intl. Managed Bond	166.9	175.7	.....	—

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.	246.2	—	.....	—
Portfolio Fd. Init.		202.8	.....	—
Portfolio Fd. Cap.		236.0	.....	—
Investment A/cts	246.1	259.1	.....	—

Gresham Unit Ass. Ltd.
2-6, Prince of Wales Rd. B'mouth. 0202 767655

Managed Fd.	266.9	281.2	.....	—
Money Fd.	155.3	163.5	.....	—
Equity Fd.	224.4	236.5	.....	—
Fixed Int. Fd.	117.1	123.4	.....	—
Property Fd.	172.1	181.3	.....	—
Managed Pen. Fd.	246.6	259.8	.....	—
Equity Pension Fd.	177.7	187.3	.....	—
Fixed Int. Pen. Fd.	164.2	173.0	.....	—
High Yield Pen. Fd.	162.0	170.7	.....	—
Money Pension Fd.	128.1	134.9	.....	—
Property Pension Fd.	127.3	134.1	.....	—

Gresham/Framlington

[illegible]

Lloyds Life Assurance—cont.

[illegible]

London A'deen & Nthn. Mtl. Assur. Ltd.
129 Kingsway, London, WC2B 6NF.

[illegible]

London Indemnity & Gnl. Ins. Co. Ltd.
18-20, The Forbury, Reading

[illegible]

London Life Linked Assur. Ltd.
100, Temple St., Bristol, BS1 6EA.

See adjacent page Mon-Fri and Stock Exchange Dealings page Sat.

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

Hambros Fd. Mgrs. (C.I.) Ltd.
P.O. Box 86, Guernsey. 0481-26521

Capital Reserve Fund	£16.96	16.97	.....	0.34
C.I. Fund	325.3	346.4	.....	2.31
Special Sits. Fund	126.4	135.1	.....	2.18
Sterling Income Fund	112.0	117.6	.....	10.20
Dollar Income Fund	$1.061	1.108	+0.002	12.18
Trans. Nat. Trust	$1.159	1.221	−0.003	2.46
Intnl. Bond	$109.68	115.39	.....	9.35
Int. Equity	$21.03	22.14	.....	0.54
Int. Svgs. 'A' $US	$1.67	1.76	.....	—
Int. Svgs. 'B'	$2.34	2.46	.....	—
Galleon Ass. Fund 'A'	$1.131	1.136	+0.008	—
Galleon Ass. Fund 'B'	$1.265	1.316	−0.013	—
Amer Spec Actts	$0.98	1.04	.....	—

Henderson Admin. & Man. (Guernsey)
PO Box 71, St. Peter Port, Guernsey 0481 26541

American (US cents)	177.8	189.1	.....	—
Nrl. Res. (U.S. cents)	125.4	133.4	.....	—
Gilt Fund	£10.52	11.15	.....	11.21
Prime Res. Props.	£1.02	1.09	.....	—

Henderson Baring Group
1901, Edinburg Tower, Hongkong.

Australia	$9.22	9.93	.....	—
Hong Kong	$9.15	9.80	+0.18	—
Japan Tech.	$26.56	28.38	.....	—
Japan Fund	$37.21	39.65	.....	—
Malay Sing.	$22.10	23.30	−0.35	—
Pacific Fd.	$24.602	15.353	.....	—

[illegible]

Richmond Life Ass. Ltd.
4 Hill Street, Douglas, IoM 0624 23914

Coin Trust	23.6	25.2	−4.7	—
Diamond Bond	68.3	73.2	.....	—
Gold Bond	237.2	252.1	+5.3	—
Sterling Deposit Bd.	170.88	179.89	+0.04	9.11
UK Gilt Fund	165.5	175.9	.....	—

Rothschild Asset Management (C.I.)
St Julian's Ct, St Peter Pt, Guernsey. 0481 26741

OC America Fd.*	$3.69	3.92	.....	1.11
OC Sm Co***	166.7	176.7	.....	1.59
OC Commodity†	119.4	127.0	.....	2.24
OC $ Comdty†	$37.34	39.72	.....	1.71
OC HongKgFd††	HK$31.23	33.27	+3.27	—

*Prices Oct. 21. Next dlng Nov 7. †Prices Oct. 14. Next dlng Nov 14. ***Prices Oct 31. Next dlng Nov 15.
††Dealings every Wednesday.
OC Intl Reserves Ltd. 0481-26741 26331
See adjacent page Mon-Fri and Stock Exchange Dealings page Sat.

Rothschild Australia Asset Mgt Ltd.
17 Bridge St, Sydney 2000, Australia

Five Arrows Aust. Eq.	A$1.42	1.45	.....	6.9

Royal Bank of Canada Funds
RBC Invest Managers Ltd
PO Box 246, St Peter Port, Guernsey 0481 23021

[illegible]

Chinese Fund	63.1	67.8		—
Precious Metal Fund	112.6	123.9		—
Vanguard Cmdy Fd	36.1	37.0		—
Financial Futures Fd	78.2	81.5		—
Wren Intl. Fnd *	$0.448	0.467		—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. ¶ Guernsey gross. # Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◊ Yield column shows annualised rate of NAV increase.

COMMODITIES AND AGRICULTURE

Strong supply of turkey predicted

BY RICHARD MOONEY

THERE should be no shortage of turkeys for the Christmas market this year, according to the British Turkey Federation. With demand remaining fairly static there should be no trouble in supplying the 10.5m to 11m birds shoppers are expected to buy, a federation official said yesterday. Last Christmas just over 10m whole turkeys were sold.

Early indications are that prices will be well down for frozen turkeys. The only major retailer to publish its Christmas prices so far is the Asda supermarket chain, which says it will be charging 48p a lb both for grade "A" oven-ready deep frozen turkeys and for ready-basted birds.

These prices would represent cuts of 20 per cent and 26 per cent respectively compared with last year.

Stronger demand is expected for fresh birds, however. Federation members estimate this year's price at around 100p a lb compared with 78-99p last Christmas. With demand swinging back somewhat towards the fresh product, Christmas sales of chilled turkeys are forecast to rise modestly to slightly more than 3m birds.

The turkey market is less dependent than it was on the Christmas market. Sales of whole birds this year are expected to total between 16m and 17m.

Sales of cuts, portions and further processed products continue to rise significantly, and are expected by the BTF to reach the equivalent of 8.5m birds, compared with 1m six years ago, and in retail value to equal the revenue from sales of whole turkeys.

The Christmas market for geese is expected to top last year's record 180,000 birds.

USSR 'has bought French soft wheat'

THE SOVIET UNION is believed to have bought 1m tonnes of French soft wheat for November and December shipment. London traders added that negotiations were continuing over further purchases of up to 500,000 tonnes.

France is also expected to hold talks with China for the sale of 1.5m tonnes of wheat. A further sale has been agreed with Egypt, which is to buy 500,000 tonnes of wheat flour between now and July next year.

● THE AUSTRALIAN Wool Corporation continued support buying to maintain its floor price. It took between 31 and 37 per cent of bales offered at auctions in Adelaide, Newcastle, Albury and Freemantle.

● CHICAGO Board of Trade's October volume was 6.03m contracts, up 40.2 per cent on the same month last year.

● THE U.S. now has the capacity to transport 200m tonnes of export grain annually, according to Continental Grain.

● WORLD BEEF and veal production is expected to fall 1 per cent in 1984, while world cattle numbers should expand slightly, says the U.S. Department of Agriculture.

● THE ISLAMIC Development Bank signed an agreement to provide $10m in financing to Tunisia for cotton imports.

● TURKEY WILL subsidise imports of vegetable oils to keep prices in the domestic market stable.

● THE Department of Trade is offering financial support to British companies exhibiting at the Interamerican Dairy Congress in Miami in May.

● TINY WASPS and beetles from Brazil are being let loose in Nigeria to attack the cassava mealybug which attacks the plant which produces tapioca.

Why world weather watchers say the heat is on

W. J. Burroughs on the forecasters' change of heart over the climate

AN AIR of certainty has crept into recent projections of how the global climate is going to change in the future. The majority view is that the general trend is firmly in the direction of a warming of the climate.

Only a decade ago, in the wake of the disastrous harvests and droughts of 1972 in the Soviet Union and sub-Saharian Africa, the consensus was equally determined that we were heading for a new ice age. So why the sudden change, and can we place any more faith in the latest set of forecasts?

The reasons for the change are twofold. Much more work has been done on the causes of climatic change, resulting in more plausible, though not necessarily correct models, and the cooling trend in the global climate during the 1960s and early 1970s seems to have halted and reversed.

The modelling work designed to explain past fluctuations has focused on three principal factors. First, there is the old chestnut of changes in the output of the Sun associated with sun spots. Improved measurements both from the ground and from satellites have provided increasingly convincing evidence that the output from the Sun does vary in a periodic way, although the changes are only small.

These measurements show that the sun's output varies by a few fractions of 1 per cent with changes in the number of sunspots. The output is higher when the number of spots is low. This means that during the 1-year cycle in sunspot number, the amount of solar energy reaching the Earth will rise and fall out of phase with the number of sunspots. Furthermore there is evidence that the energy from the Sun fluctuates about the same amount over a 76-year cycle

This variation appears to be related to a pulsation in the diameter of the Sun.

THE EL NINO current pattern, which was believed partly responsible for the 1983 droughts in the U.S., South Africa and Australia, has dissipated, said Mr Donald Gilman, chief long-range weather forecaster for the U.S. national weather service. This could point to more normal weather patterns in 1984.

The second climatic factor is the impact of giant volcanos. These inject dust and sulphurous gases into the upper atmosphere where they form a veil of particles which reflects some sunlight back into space. Because this thin layer can remain in the stratosphere for a number of years it is capable of altering the climate.

The third climatic factor is the man-made production of carbon dioxide from burning fossil fuels. The amount of carbon dioxide in the atmosphere has increased by about 15 per cent to about 340 parts per million since the beginning of the century and might double by the middle of the next century.

There is little doubt that an increase in atmospheric carbon dioxide will lead to a warming of the climate. It is generally estimated that a doubling of the amount of carbon dioxide in the atmosphere would lead to a 2°C to 3°C increase in the global temperature.

When these factors are combined to explain climatic changes in the last 100 years they produce an impressive fit with observations. The warming of about 0.5°C that occurred over the northern hemisphere in the first half of the century, which brought forecasts of an imminent melting of the polar ice caps, is explained by a combination of solar and carbon dioxide warming effects.

The subsequent cooling of about 0.2°C between the 1940s and the 1960s is attributed largely to the downwards part of the 76-year solar cycle. Fluctuations imposed on these broad trends are largely explained in terms of the sunspot cycle and major volcanic erruptions. This model now predicts that the combination of upward pressure of carbon dioxide and solar factors will now lead to a marked warming.

There are, however, good reasons for being cautious about this prediction. Not least, there are statistical objections about the way in which the theory has been tailored to fit the observations so well.

In summary, the weight of evidence suggests the global climate will become a little warmer over the next few decades and possibly a bit more variable. But do not be surprised if in a few years this forecast is stood on its head

Silver rallies strongly following recent falls

BY JOHN EDWARDS, COMMODITIES EDITOR

SILVER prices rallied sharply yesterday, recovering some of the recent heavy falls. On the London bullion market the spot quotation lifted by 29.65p to 589.9p a troy ounce at the morning fixing. Values moved further ahead in the afternoon, but eased when gold fell back in late trading.

Traders said that speculators were being tempted back into buying after the recent collapse in the market to the lowest level for nearly a year. Reports that Argentina will attempt to arrange a moratorium on its $40bn foreign debt also encouraged the early rise in gold and silver.

There was no turnover on the second day of trading the new 2,000-oz silver contract on the London Metal Exchange. However, there are high hopes that once cash, as well as three months, trading is possible on the new contract it will emerge as the dominant market.

Apart from requiring a much smaller deposit, the 2,000-oz contract has a weight tolerance of 2 per cent, compared with 5 per cent on the 10,000-oz contract.

The LME stressed yesterday that it is planned for the two silver contracts to run in tandem

Nutmeg price set to rise

BY BARBARA DALZELL

WHOLESALE NUTMEG prices are likely to increase because of the U.S. invasion of Grenada.

Nutmeg usually sells for between £1,000 and £1,500 a tonne depending on quality, but the recent unrest has pushed prices up by about £100 to £150.

Grenada is one of the world's leading nutmeg producers and nutmegs accounted for 23 per cent of the island's total exports last year.

Because communications with Grenada have been difficult, it is not clear what is happening to the crop. There are fears that bombardments may have damaged or destroyed nutmeg plantations, and that stocks in warehouses may have been disturbed.

As a result, higher insurance is forcing prices up. But wholesale price increases are not likely to be reflected immediately in the shops. Nutmeg is used as a spice in cakes, puddings and some curries.

Schwartz Spices says it has no immediate supply problems, while another major British spice group, McCormick, reports that it "won't even feel a hiccup" if political calm is restored quickly in Grenada.

McCormick adds that although it buys most of its nutmeg from Grenada at present it would switch to buying East Indian nutmeg if it ran into supplies problems later. But it has three or four months' supplies available and its brokers see the Grenadian unrest as a short-term problem.

C.C. Spice says it does not envisage any immediate supply disruptions and says it has sales contracted. Its main fear is that these may not be able to be honoured. British Pepper and Spice also says it has "reasonable" physical supplies

Mild autumn boosts sugar

MILD WEATHER so far this autumn has been ideal for the British sugar crop which is still increasing in weight and sugar content, Mr Don Brisbourne, head of agriculture services at British Sugar, said yesterday.

Harvesting is going well and the company's 13 factories are processing a total of just over 80,000 tonnes of beet daily.

The company has not updated its forecast of this year's crop since May when it said it is likely to be below an average level of 1.1m tonnes white value against last year's record 1.4m tonnes.

In Bangkok, meanwhile, Thailand's commercial economics department said the country will produce about 19m tonnes of sugar cane in 1983-84 (September/August).

India cuts cotton quota

BY OUR COMMODITIES EDITOR

INDIA is to cut back the quantity of cotton that traders can export in the 1983-84 season to only 200,000 bales (of 170 kilos each), the Commerce Ministry announced in New Delhi yesterday, Reuter reported.

An official statement said the reduction was decided after taking into account crop prospects and estimated domestic demand. Last season the export quota was 680,000 bales.

A spokesman for the Association of Cotton Merchants in Liverpool said the announce- of a "preliminary" export quota by India for 1983-84 was important since it enabled traders to go into the market and buy.

The merchants are facing a difficult situation following the refusal of the Indian Government to allow the shipment of some 300,000 bales of cotton sold to international traders in January and February out of the 1982-83 export quota.

India claims that it needs the cotton for domestic consumption. But the merchants say the real reason is that since the contracts were made, cotton prices have risen sharply following the setback in the U.S. crop. Values are now some 10 cents above the contracted levels of between 58 to 60 cents a lb.

Traders say the cotton is sitting around in India being offered at higher prices to the domestic industry

Protests against the alleged breach of contracts have been sent to the Indian Government by cotton trading organisations throughout the world. But so far they appear to have fallen on deaf ears.

Merchants in Liverpool and Switzerland are understood to be worst affected.

PRICE CHANGES

In tonnes unless stated otherwise	Nov. 2 1983	+ or —	Month ago
Metals			
Aluminium	£1050	....	£1050
Free Mkt	$1550/1580	—15	$1600/30
Copper			
Cash h grade	£933.5	+3	£986.5
3 mths	£956.25	+3.5	£988.75
Cash Cathode	£914	+3.25	£941
3 months	£937.25	+4.75	£965.5
Gold troy oz	$382.125	+4.5	$382.875
Lead Cash	£273.25	+2.37	£269.5
3 months	£283.5	+2.75	£278.75
Nickel	£4646.34	....	£4646.34
Free mkt	215/235c	....	215/235c
Palladium oz.	$146.00	+3.5	$134
Platinum oz.	£257.90	+3.90	£265.50
Quicksilver†	$315/325	—5	$320/330
Silver troy oz	589.90	+29.65	655.35p
3 mths	602.75	+29.90	670.15p
Tin cash	£8586	—4.5	£8467.5
3 month	£8680.5	+13	£8560.5
Tungsten	$85.79	....	$77.32
Wolfr'm 22.04 lb	$74/79	....	$79/83
Zinc Cash	£578	+6.5	£555.5
3 mths	£592	+6.5	£570.25
Producers	$925	....	$880

	Nov. 2 1983	+ or —	Month ago
Oils			
Coconut (Phil)	$890.0y	+5	$850
Groundnut	‡	....	$1090
Linseed Crude	‡	....	‡
Palm Malayan	$652.5v	+2.5	$665
Seeds			
Copra Phil	$575x	—5	$560
Soyabean (U.S.)	$331.75	+4.5	$332
Grains			
Barley Fut. Jan	£119.35	+0.25	£121
Maize	£146.00	....	£144
Wheat Fut. Jan	£122.90	—0.30	£123.95
No2 Hard Wint	‡	....	‡
Other commodities			
Cocoa ship't*	£1504	+10.5	£1664.5
Fut. March	£1434.5	+9	£1480.5
Coffee Ft. Jan.	£1868.5	+7	£1836.5
Cotton A. Index	89.20c	+0.30	87.15c
Gas Oil. Dec.	$255	+0.5	$247.75
Rubber (kilo)	78.75p	+0.75	78.50p
Sugar (Raw)	£137	+2	£167.50
Woolt'ps 64s.	401p kilo	....	400p kilo

‡ Unquoted. u Dec. v Jan. x Dec-Jan. y Nov-Dec. † Per 76 lb flask * Ghana cocoa. n Nominal. c Cents per pound.

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.40-28.50	—0.05
Iranian Light	27.85-27.90	—0.08
Arabian Heavy	26.40-26.50	—0.02
North Sea (Forties)	29.20-29.40	—0.12
North Sea (Brent)	29.45-29.60	—0.05
African Bonny Li'ht	29.60-29.75	—0.08
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	295 300	+1.5
Gas oil	252-259	—1.0
Heavy fuel oil	171-174	+0.5

Prices began the day around $1.00 higher, reflecting a lower-than-expected U.S. stockbuild, and traded in a narrow range throughout the morning. The market moved to the highs on the New York opening, attracting trade selling, reports Premier Man.

GAS OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Nov.	254.50	+1.00	254.00-53.75
Dec.	256.00	+1.50	256.75-55.75
Jan	256.50	+1.75	257.00-56.75
Feb	255.25	+2.75	255.50-54.50
Mar	249.50	+1.25	250.25-49.50
April	246.50	+1.50	247.80-46.50
May	244.00	—0.50	—
June	244.00	—0.50	—
July	243.125	+1.125	—

Turnover: 1,930 (1,258) lots of 100 tonnes.

GOLD MARKETS

Gold rose $4½ an ounce from Tuesday's close in the London bullion market yesterday to finish at $381¾-382½. The metal opened at $377¼-378, its low for the day and improved steadily to touch a best level of $383¾-$384¼. Gold reacted to its recent sharp fall, with gains in early New York trading helping the metal recover from the day's lows.

In Paris the 12½ kilo bar was fixed at FFr 99,600 per kilo ($383.87 per ounce) in the afternoon compared with FFr 99,750 ($384.40) in the morning and FFr 99,800 ($389.27) on Tuesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at FFr 32,555 per kilo ($382.03 per ounce) against DM 32,085 ($377.01) previously and closed at $383-383½ from $377¼-377¾.

In Zurich gold closed at $382-$385 from $376-379.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	$ per troy ounce		
Nov.	384.00-87.00	+6.0	—
Dec	385.70-85.80	+5.40	386.50-80.10
Feb	391.80-92.00	+5.55	392.00-89.60
April	398.20-98.90	+5.55	397.90-95.50
June	404.20-05.40	+5.55	—
Aug	410.20-11.90	+5.55	—

Turnover: 698 (661) lots of 100 troy ounces.

Gold Bullion (fine ounce)	Nov. 2		Nov. 1	
Close	$381¾-382½	(£256½-257)	$377¼-378	(£252¾-253¼)
Opening	$377¼-378	(£254-254½)	$377-377¾	(£252½-253)
Morning fixing	$381.50	(£257.041)	$376	(£251.589)
After noon fixing	$383	(£257.392)	$377.75	(£252.676)

Gold Coins Nov. 2					
Krugrnd	$394-394½	(£264¾-265¼)	King Sov	$92½-94	(£62-63)
½ Krg	$203-203¾	(£136½-137)	Victoria Sov	$92½-94	(£62-63)
¼ Krg	$103½-104¼	(£69½-70)	French 20s	$72½-74¼	(£48¾-50)
1/10 Krug	$42¼-43	(£28½-29)	50 pesos Mex	$463-468	(£311¼-312¾)
Mapleleaf	$393¾-394¼	(£264¾-265)	100 Cor. Aust	$371-376	(£249½-252¾)
New Sov	$89¾-90½	(£60¼-60¾)	$20 Eagles	$540-650	(£363-369¾)
½ New Sov	$54-54¾	(£36¼-36¾)			

EUROPEAN MARKETS

ROTTERDAM, November 2.

Wheat—(U.S.$ per tonne): U.S. Two Red Winter Nov 20/Dec 10 161.50, Dec 160, Jan 161, Feb 163, March 164.50. U.S. Northern Spring 14 per cent protein afloat 184, Nov 188, Dec 188, Jan 192, Feb 193, March 194, April/May 181. U.S. Three Amber Durum Nov 204, Nov 20/Dec 20 204.

Maize—(U.S.$ per tonne): U.S. Three Yellow afloat 161, Nov 160, Dec 160, Jan/March 160, April/June 160 sellers. Argentine Plate afloat 170, Nov 174 sellers.

Soyabeans—(U.S.$ per tonne): Two Yellow Gulfports Nov 325.75, Dec 328.50, Jan 332, Feb 335.70, March 339, April 340, May 340.90, Oct 268.25, Nov 268.25, Dec 272, Jan 276 sellers. Argentine afloat 320.50 sellers.

Soyameal—(U.S.$ per tonne): 44 per cent afloat 261, Nov 266, Dec 270, Jan 274, Jan/March 277, April/Sept 268, Nov/March 1984 239 sellers. Pellets Brazil afloat 283, Nov 289, Dec 294.50, Jan 302, April/Sept 274.50 sellers, after afloat cif 280 traded. Pellets Argentine afloat 273, Nov 276, Dec 280, Jan 285, Jan/March 291, July/Sept 270 sellers.

PARIS, November 2.

Cocoa—(FFr per 100 kg). Dec 1702-1704, March 1725-1730, May 1747 bid, July 1765 bid, Sept 1785 bid, Dec 1822 bid, March 1843 bid. Sales at call: 1.

Sugar—(FFr per tonne): Dec 1920-1923, March 2045-2047, May 2120-2121, Aug 2205-2220, Oct 2286-2300, Dec 2320-2340. Sales at call: 35.

BRITISH COMMODITY PRICES

BASE METALS

TIN was the high spot among generally dull base metals on the London Metal Exchange, as the early weakness in sterling encouraged U.S. buying at and above the recent support levels. The price touched a high for the day of £8,700, but was unable to improve [illegible]

[illegible]

COPPER

[illegible]

TIN

[illegible]

LEAD

[illegible]

ZINC

[illegible]

ALUMINIUM

[illegible]

NICKEL

[illegible]

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	3129-30	+32	3132-5	+21.
3 months	3201-5	+29.5	3207-8	+18.

* Cents per pound. ‡ M$ per kilo.

SILVER

[illegible]

COCOA

[illegible]

COFFEE

[illegible]

GRAINS

[illegible]

POTATOES

The market was strong following a report indicating lower than expected European crop figures, with April reaching £218.00 before profit-taking eased prices to close about steady in mid-range, reports Coley and Harper.

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

COTTON

[illegible]

WOOL FUTURES

[illegible]

MEAT/FISH

[illegible]

INDICES

FINANCIAL TIMES

Nov. 1	Oct. 31	M'th ago	Y'ar ago
283.84	283.18	284.56	227.98

(Base: July 1 1952=100)

REUTERS

[illegible]

MOODY'S

[illegible]

DOW JONES

[illegible]

AMERICAN MARKETS

NEW YORK, November 2

Precious metals continued their recovery on short-covering and on trade belief that the IMF refunding bill would pass in the congress thereby easing the liquidity crisis. Copper was moderately lower on bargain hunting and arbitrage buying which provided the market with the necessary support. Heating oil prices rose on a bullish stock report and on strong indications that secondary distribution stocks are not being replenished at this time. Sugar sold off early sharply on long liquidation and on reports of new cash offerings by the Dominican Republic. Coffee prices exploded to the upside as short covering, dealer interest and tight spot situation again triggered general buying. Cocoa prices finished nominally higher on expectations that private forecasts of a mild surplus were already discounted in the market. Cotton closed basically steady reflecting continued concern about the condition of the Soviet crop and increasing damage to the U.S. crop. Soyabeans and grains finished higher as early strength, motivated by the closing of the reserve programme for maize, forced heavy short-covering, reports Heinold Commodities.

NEW YORK

COCOA 10 tonnes, $/tonnes

[illegible]

SUGAR WORLD "11" 112,000 lb. cents/lb

[illegible]

CHICAGO

[illegible]

هكذا منذ الأصل

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Background support for soft dollar

The dollar had a slightly softer tone throughout yesterday's fairly thin trading, and lost ground when the Federal Reserve intervened to add money market reserves in New York. Despite the softness of the dollar it remained underpinned by the failure of Congress to raise the U.S. debt ceiling. This is setting back the Treasury refunding programme, leading to delays in auctions, and possibly higher interest rates if the U.S. authorities are forced to bid for very large sums as one set of auctions merges into another around the end of the month.

In addition M1 money supply is expected to rise by about $1bn this week, and to continue on an upward path during the next month or so, discouraging any temptation to reduce interest rates.

Sterling moved in line with the dollar, losing ground to other major currencies.

DOLLAR — Trade-weighted index (Bank of England) 127.3 against 122.6 six months ago. The dollar has retreated from the peaks touched in August amid hopes that a sustained fall was imminent, following better money supply figures and slight easing of interest rates. A large U.S. Budget deficit is likely to restrain the fall in interest rates and the dollar, but downward pressure on the currency will continue due to the substantial trade deficit.

The dollar fell to DM 2.6440 from DM 2.6550 against the D-mark; FFr 8.0425 from FFr 8.0775 against the French franc; SwFr 2.15 from SwFr 2.1610 in terms of the Swiss franc; and to Y234.45 from Y234.80.

STERLING — Trading range against the dollar in 1983 is 1.6235 to 1.4540. October average 1.4977. Trade-weighted index 83.7, against 83.6 at noon, 83.5 in the morning, 84.1 at the previous close, and 84.2 six months ago. The pound has tended to move with the dollar recently although a decline against Continental curencies is probably welcomed. It has also reacted to Middle East tension and its effect on oil supplies, highlighting the pound's status as a petro-currency.

Sterling moved within a narrow range of $1.4810 to $1.4900. It opened at $1.4820-1.4830, and closed at $1.4870-1.4880, a rise of 10 points on the day. On the other hand it fell to DM 3.9350 from DM 3.9475; FFr 11.96 from FFr 12.0050; SwFr 3.20 from SwFr 3.2150; and Y349 from Y349.25.

D-MARK — Trading range against the dollar in 1983 is 2.7315 to 2.3320. October average 2.6023. Trade weighted index 126.1 against 129.6 six months ago. The D-mark has improved after falling to its lowest level for nearly 10 years against the dollar in August. As U.S. money supply figures have improved, attention has switched to German money supply growth which is causing some concern

The dollar was fixed at DM 2.6510 at yesterday's fixing in Frankfurt up from DM 2.6477 on Tuesday. There was no intervention by the Bundesbank at the fixing but there were reports of intervention in the open market. Sterling weakened to DM 3.9360 from DM 3.9550 and the Swiss franc was lower at DM 1.2300 compared with DM 1.2303. Within the EMS the Belgian franc slipped to DM 4.92 *per BFr 100 from DM 4.9210.*

BELGIAN FRANC — Trading range against the dollar in 1983 is *54.49* to 45.90. October average 53.63. Trade-weighted index 90.5 against 94.0 six months ago. The Belgian franc has come under renewed pressure within the EMS as the dollar has declined from the peaks touched two months ago. More recently however the dollar has shown signs of further upward movement which could lead to renewed strains within the EMS.

The Belgian National Bank spent the equivalent of BFr 9.7bn in the week ending last Monday in effort to support the Belgian franc. This intervention also served to accommodate Belgium's current account deficit and was up from the previous week's figure of BFr 5bn. At yesterday's fixing, the dollar was quoted at BFr 53.9075.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU November 2	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	45.9399	+2.31	+1.77	±1.5447
Danish Krone ...	8.14104	8.14705	+0.07	−0.47	±1.6425
German D-Mark	2.24184	2.25874	+0.75	+0.21	±1.0542
French Franc ...	*6.87456*	*6.87808*	*+0.05*	*−0.49*	±1.4052
Dutch Guilder ...	2.52595	2.53231	+0.25	−0.29	±1.4964
Irish Punt	0.72569	0.727091	+0.19	−0.35	±1.6899
Italian Lira	1403.49	1372.12	−2.24	−2.24	±4.1506

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Nov. 2	£	$		£ Note Rates
Argentina Peso...	23.71-23.76	15.94-15.96	Austria..........	27.55-27.85
Australia Dollar...	1.6270-1.6290	1.0935-1.0945	Belgium..........	80.55-81.35
Brazil Cruzeiro...	1,246.8-1,253.3	838-842	Denmark..........	14.12-14.26
Finland Markka...	8.4580-8.4815	5.6975-5.7025	France..........	11.93-12.05
Greek Drachma...	140.45-141.05	94.50-94.80	Germany..........	3.92-3.96
Hong Kong Dollar	[illegible]	[illegible]	Italy..........	[illegible]
Iran Rial	[illegible]	[illegible]	Japan..........	[illegible]
KuwaitDinar(KD)	[illegible]	[illegible]	Netherlands..........	[illegible]
Luxembourg Fr.	[illegible]	[illegible]	Norway..........	[illegible]
Malaysia Dollar	[illegible]	[illegible]	Portugal..........	[illegible]
New Zealand Dlr.	[illegible]	[illegible]	Spain..........	[illegible]
Saudi Arab. Riyal	[illegible]	[illegible]	Sweden..........	[illegible]
Singapore Dollar	[illegible]	[illegible]	Switzerland..........	[illegible]
Sth.African Rand	[illegible]	[illegible]	United States..........	[illegible]
U.A.E. Dirham	[illegible]	[illegible]	Yugoslavia..........	[illegible]

* Selling rates.

CURRENCY MOVEMENTS

Nov. 2	Bank of England Index	Morgan Guaranty Changes%
Sterling	83.7	−7.4
U.S. dollar	127.3	+15.7
Canadian dollar	[illegible]	+1.1
Austrian schilling	[illegible]	+5.2
Belgian franc	[illegible]	−11.6
Danish kroner	[illegible]	[illegible]
Deutsche mark	[illegible]	[illegible]
Swiss franc	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

CURRENCY RATES

Nov. 2	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.711082	0.574470
U.S. $	$8\frac{1}{2}$	1.06658	0.852514
Canadian$	9.49	*	1.05106
Austria Sch	$3\frac{3}{4}$	19.6856	15.8994
Belgian F	9	56.9010	45.9399
Danish Kr.	7	10.8400	8.14705
D mark	4	2.79821	2.25874
Guilder	[illegible]	[illegible]	[illegible]
French F	[illegible]	[illegible]	[illegible]
Lira	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]
Norwgn Kr.	[illegible]	[illegible]	[illegible]
Spanish Pta	[illegible]	[illegible]	[illegible]
Swedish Kr	[illegible]	[illegible]	[illegible]
Swiss Fr	[illegible]	[illegible]	[illegible]
Greek Dr'ch	[illegible]	[illegible]	[illegible]

*CS/SDR rate for Nov 1: 1.30309

THE POUND SPOT AND FORWARD

Nov 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4810-1.4900	1.4870-1.4880	0.03-0.08c dis	−0.44	0.18-0.24dis	−0.58
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nethlnd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ireland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
W. Ger.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc 80.85-80.95. Six-month forward dollar 0.38-0.41c dis. 12-month 0.73-0.83c dis.

THE DOLLAR SPOT AND FORWARD

Nov 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ireland†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nethlnd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
W. Ger.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 54.35-54.40.

EXCHANGE CROSS RATES

Nov. 2	Pound Sterling	U.S. Dollar	Deutschem'k	JapaneseYen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.488	3.935	349.0	11.95	3.200	4.410	2382.	1.834	79.90
U.S. Dollar	0.672	1.	2.645	234.5	8.040	2.151	2.965	1605.	1.233	53.71
Deutschemark	0.254	0.378	1.	88.69	3.039	0.813	1.121	606.9	0.466	20.30
Japanese Yen 1,000	2.865	4.263	11.28	1000.	34.27	9.169	12.64	6842.	5.254	228.9
French Franc 10	0.836	1.244	3.290	291.8	10.	2.676	3.687	1997.	1.533	66.81
Swiss Franc	0.313	0.465	1.230	109.1	3.738	1.	1.378	746.3	0.573	24.97
Dutch Guilder	0.227	0.337	0.892	79.14	2.712	0.726	1.	541.5	0.416	18.12
Italian Lira 1,000	0.419	0.623	1.648	146.1	5.008	1.340	1.847	1000.	0.768	33.46
Canadian Dollar	0.545	0.811	2.146	190.3	6.523	1.745	2.405	1302.	1.	43.58
Belgian Franc 100	1.252	1.862	4.935	436.8	14.97	4.005	5.519	2989.	2.295	100.

FINANCIAL FUTURES

Gilts lose ground

Gilt futures lost ground in the London International Financial Futures Exchange yesterday but finished above the day's lows. This followed a better performance by sterling during the afternoon and a firmer trend in U.S. Treasury bond futures. Earlier in the day prices had eased on a weaker cash market as sterling recorded losses against the dollar. Early selling down to 108-06 from an opening level of 108-22 in the December contract tended to reflect profit taking, but values recovered during the afternoon with the December price closing at 108-18 compared with Tuesday's settlement of 108-25.

Three-month sterling deposit futures finished largely unchanged from Tuesday, showing an encouraging resiliance despite sterling's early fall. Interest tended to concentrate on the March contract with the market encouraged to move into longer positions on growing hopes of a cut in UK interest rates. While the December delivery price stayed at 90.80, unchanged from Tuesday, the March price advanced marginally to 90.53 from 90.52.

Euro-dollar prices were a little firmer overall. The December price opened at 90.30, reflecting late Tuesday levels in the U.S. but eased back slightly before following Chicago in generally quiet trading to finish at 90.30 up from 90.28 previously. U.S. markets failed to show any clear trend with uncertainty generated by the current delays in raising the U.S. debt ceiling. This has introduced the possibility of a bunching in Federal auctions

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Dec	90.30	90.31	90.27	90.28
March	89.88	89.89	89.85	89.85
June	89.57	89.58	89.56	89.55
Sept	89.31	89.31	89.31	89.29
Dec	*89.09*	—	—	*89.04*

Volume 1,442 (2,079)
Previous day's open int 7,934 (7,936)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
Dec	90.80	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

Volume [illegible]
Previous day's open int [illegible]

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
Dec	108-18	[illegible]	108-06	108-25
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

Volume [illegible]
Previous day's open int [illegible]
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) [illegible]

STERLING £25,000 $ per £

	Close	High	Low	Prev
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]

Volume [illegible]
Previous day's open int [illegible]

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]

Volume [illegible]
Previous day's open int [illegible]

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]

Volume [illegible]
Previous day's open int [illegible]

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]

Volume [illegible]
Previous day's open int [illegible]

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	70-23	71-00	70-20	70-27
March	70-05	70-14	70-03	70-08
June	69-21	69-29	69-19	69-23
Sept	69-07	69-15	69-06	69-09
Dec	68-28	69-02	68-26	68-29
March	68-17	68-24	68-16	68-18
June	68-09	68-14	68-08	68-09
Sept	68-01	[illegible]	[illegible]	68-01
Dec	—	—	—	—
March	—	—	—	—

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	[illegible]	[illegible]	[illegible]	91.16
March	[illegible]	[illegible]	[illegible]	90.71
June	[illegible]	[illegible]	[illegible]	90.40
Sept	[illegible]	[illegible]	[illegible]	90.13
Dec	[illegible]	[illegible]	[illegible]	89.90
March	[illegible]	[illegible]	[illegible]	89.69
June	[illegible]	[illegible]	[illegible]	89.48

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	[illegible]	[illegible]	[illegible]	90.46
March	[illegible]	[illegible]	[illegible]	89.96
June	[illegible]	[illegible]	[illegible]	89.59
Sept	[illegible]	[illegible]	[illegible]	*89.31*
Dec	—	—	—	—
March	—	—	—	—

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	[illegible]	[illegible]	[illegible]	90.03
March	[illegible]	[illegible]	[illegible]	89.59
June	[illegible]	[illegible]	[illegible]	89.26
Sept	[illegible]	[illegible]	[illegible]	88.98
Dec	[illegible]	[illegible]	[illegible]	88.76
March	[illegible]	[illegible]	[illegible]	88.54

STERLING (IMM) Se per £

	Latest	High	Low	Prev
Dec	[illegible]	[illegible]	[illegible]	1.4855
March	[illegible]	[illegible]	[illegible]	1.4875
June	[illegible]	[illegible]	[illegible]	1.4900
Sept	[illegible]	[illegible]	[illegible]	1.4925
Dec	—	—	—	—
March	—	—	—	—

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	[illegible]	[illegible]	[illegible]	68-17
March	[illegible]	[illegible]	[illegible]	67-21
June	[illegible]	[illegible]	[illegible]	66-27
Sept	[illegible]	[illegible]	[illegible]	66-05
Dec	[illegible]	[illegible]	[illegible]	65-19
March	—	—	—	—
June	[illegible]	[illegible]	[illegible]	64-24
Sept	[illegible]	[illegible]	[illegible]	64-14
Dec	—	—	—	—
March	—	—	—	—

CONTRACTS AND TENDERS

GOVERNMENT OF ABU DHABI

ABU DHABI SEWERAGE PROJECTS COMMITTEE
ABU DHABI SEWERAGE SCHEME
INVITATION FOR CONTRACTORS TO PREQUALIFY FOR OPERATION AND MAINTENANCE OF SEWERAGE TREATMENT PLANT AND MAIN PUMPING STATION

Specialised Contractors in the operation and maintenance of *Sewerage Pumping Stations, Pipelines and Sewage Treatment Plant* are invited to apply for Prequalification to tender for a proposed contract to operate and maintain major sewerage facilities in the Emirate of Abu Dhabi.

The Works generally involve:

(1) A conventional two-stage activated sludge plant, utilising surface aerators, followed by rapid gravity sand filters for the polishing of effluent to a standard of 10 ppm BOD and 10 ppm SS. All effluent is reused after chlorination for irrigation. Sludge treatment is by anaerobic digestion followed by drying in beds. The present capacity of the Sewage Treatment Plant is 104,250 m^3/day DWF with a peaking factor of 2.6. Proposals are in hand to duplicate the works.
(2) 10 main lift and forwarding pumping stations of both centrifugal and screw-type pumps of capacity up to 2,500 l/sec. Ultimately this figure could increase to 5,000 l/sec.
(3) Diesel generation and high voltage switchgear to the Sewage Treatment Plant and two of the major pumping stations.
(4) PSA oxygen generation and injection plant.
(5) Approximately 155 km of glass reinforced plastic pressure pipelines in diameter from 450 mm to 1,300 mm.

Interested and experienced contractors should apply immediately in writing to the Government's Consultant, John Taylor & Sons, PO Box 2774, Abu Dhabi, United Arab Emirates, Telex 22452 TAYLAD EM, or John Taylor & Sons, Artillery House, Artillery Row, Westminster, London SW1P 1RY, Telex 918873 TAYLOR G, for prequalification questionnaires.

Closing date for submission of questionnaire is 30th November 1983.

MONEY MARKETS

London extremely quiet

UK clearing bank base lending rate 9 per cent (since October 4 and 5)

The London money market was very quiet yesterday, with interest rates unchanged, and turnover at an extremely low level.

The Bank of England forecast a money market shortage of £50m, but later revised this to £100m, and provided total assistance of £107m.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills from Friday's tender drained £171m, and a rise in the note circulation another £88m. These factors were almost balanced by Exchequer transactions adding £167m to liquidity, and bank balances above target of £50m.

Before lunch the authorities bought £64m bank bills in band 2 (15-33 days) at 9 per cent.

In the afternoon another £43m bills were purchased by way of £25m bank bills in band 2 at 9 per cent; £2m bank bills in band 3 (34-63 days) at $8\frac{15}{16}$ per cent; and £16m bank bills in band 4 (64-91 days) at $8\frac{7}{8}$ per cent.

In New York the Federal Reserve added $1bn of liquidity to the banking system through repurchase agreements for customer account, when Federal funds were trading at $9\frac{1}{16}$ per cent.

In Paris the interest rate on French six-month Treasury bills fell to 11 57/64 per cent from 12 17/64 per cent when the Bank of France sold FFr 1.56bn worth of bills by auction.

In Frankfurt call money touched 5.60 per cent in very nervous trading, as banks bid strongly for funds following the news that the Bundesbank and commercial banks had taken steps to rescue a large private *German bank*, Schroeder, Muenchmeyer, Hengst. The announcement came as a shock to the market, but the Bundesbank was not seen to intervene. On Tuesday call money was around 5.50-5.55 per cent.

In Amsterdam the Dutch central bank allocated £13.864bn to the money market in the form of a special advance, against an interest rate of $5\frac{1}{4}$ per cent. The advance is effective from today, and will last until November 17. Allocations were made in full.

LONDON MONEY RATES

Nov. 2 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	$8\frac{3}{4}$-$9\frac{1}{8}$	9-$9\frac{1}{8}$	—	—	$9\frac{1}{8}$-$9\frac{1}{4}$	$8\frac{1}{2}$-$9\frac{1}{8}$	—	—	—
2 days notice	—	—	9-$9\frac{1}{4}$	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	$9\frac{1}{4}$-$9\frac{5}{8}$	—	—	—	—
7 days notice	—	$9\frac{1}{16}$-$9\frac{1}{4}$	9-$9\frac{1}{8}$	—	—	—	9-$9\frac{1}{8}$	—	—	—
One month	$9\frac{1}{4}$-$9\frac{3}{16}$	$9\frac{3}{16}$-$9\frac{1}{4}$	$9\frac{1}{8}$	$9\frac{3}{4}$-$9\frac{1}{2}$	$9\frac{1}{16}$	$9\frac{3}{16}$-$9\frac{3}{8}$	9	$9\frac{1}{32}$-$9\frac{1}{16}$	$9\frac{1}{32}$	$9\frac{15}{32}$
Two months	$9\frac{1}{4}$-$9\frac{3}{16}$	$9\frac{1}{4}$-$9\frac{3}{16}$	$9\frac{1}{4}$	$9\frac{3}{4}$-$9\frac{1}{2}$	$9\frac{1}{4}$	$9\frac{1}{2}$	9	$8\frac{31}{32}$	$8\frac{31}{32}$	$9\frac{13}{32}$
Three months	$9\frac{1}{4}$-$9\frac{3}{16}$	$9\frac{3}{16}$-$9\frac{3}{8}$	$9\frac{1}{4}$-$9\frac{3}{16}$	$9\frac{5}{8}$-$9\frac{1}{4}$	$9\frac{3}{8}$	$9\frac{5}{8}$	9	$8\frac{7}{8}$	$8\frac{29}{32}$	$9\frac{11}{32}$
Six months	$9\frac{1}{4}$-$9\frac{3}{16}$	$9\frac{3}{8}$-$9\frac{1}{2}$	$9\frac{5}{8}$	$9\frac{5}{8}$-$9\frac{1}{4}$	$9\frac{1}{2}$	—	—	—	$8\frac{27}{32}$-$8\frac{7}{8}$	$9\frac{11}{32}$
Nine months	$9\frac{7}{16}$-$9\frac{5}{8}$	$9\frac{9}{16}$-$9\frac{11}{16}$	$9\frac{3}{4}$	$9\frac{7}{8}$-$9\frac{5}{8}$	$9\frac{11}{16}$	—	—	—	—	—
One year	$9\frac{1}{2}$-$9\frac{7}{16}$	$9\frac{11}{16}$-$9\frac{3}{4}$	$9\frac{11}{16}$-$9\frac{3}{4}$	$9\frac{7}{8}$-$9\frac{5}{8}$	$9\frac{13}{16}$	—	—	—	—	—
Two years	—	—	$10\frac{1}{4}$-$10\frac{5}{8}$	—	—	—	—	—	—	—

ECGD Fixed Rate Export Scheme IV. Average rate forinterest period October 5 to November - 1983 (inclusive) 9.393 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years $10\frac{3}{4}$ per cent; four years 11 per cent; five years 11 per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four months' bank bills $8\frac{7}{8}$ per cent; four months' trade bills $9\frac{1}{2}$ per cent.

Approximate selling rate for one-month Treasury bills 9 per cent; two months $8\frac{7}{8}$-$8\frac{29}{32}$ per cent; three months $8\frac{3}{4}$-$8\frac{27}{32}$ per cent. Approximate selling rate for one-month bank bills 9 per cent; two months $8\frac{29}{32}$-$8\frac{31}{32}$ per cent and three months $8\frac{7}{8}$ per cent; trade bills one month $9\frac{13}{32}$ per cent; two months $9\frac{11}{32}$ per cent and three months $9\frac{9}{32}$ per cent.

Finance House Base Rate (published by the Finance Houses Association): 10 per cent from November 1 1983. London and Scottish Clearing Bank Rates for lending: 9 per cent. London Deposit Rates for sums at seven days' notice: $5\frac{1}{2}$ per cent.

Treasury Bills: Average tender rates of discount 8.8307 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month $9\frac{1}{2}$ per cent; one-three months $9\frac{3}{4}$ per cent; three-months $9\frac{3}{4}$ per cent; six-12 months 10 per cent. Under £100,000 $9\frac{1}{4}$ per cent from October 6. Deposits held under Series 4-5 10 per cent. The rate for all deposits withdrawn for cash 8 per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

Nov. 2	Short term	7 days notice	Month	Three Months	Six Months	One Year
Sterling	$9\frac{1}{16}$-$9\frac{3}{16}$	$9\frac{1}{16}$-$9\frac{3}{16}$	$9\frac{1}{16}$-$9\frac{1}{4}$	$9\frac{1}{4}$-$9\frac{5}{8}$	$9\frac{5}{8}$-$9\frac{1}{2}$	$9\frac{11}{16}$-$9\frac{13}{16}$
U.S. Dollar	$9\frac{1}{4}$-$9\frac{1}{2}$	$9\frac{3}{8}$-$9\frac{5}{8}$	$9\frac{3}{8}$-$9\frac{5}{8}$	$9\frac{5}{8}$-$9\frac{7}{8}$	$9\frac{3}{4}$-10	10-$10\frac{1}{4}$
Can. Dollar	$8\frac{1}{2}$-9	$8\frac{1}{2}$-9	9-$9\frac{1}{16}$	$9\frac{1}{16}$-$9\frac{7}{16}$	$9\frac{3}{8}$-$9\frac{5}{8}$	$9\frac{5}{8}$-$9\frac{7}{8}$
D. Guilder	$5\frac{5}{16}$-$5\frac{7}{16}$	$5\frac{5}{16}$-$5\frac{7}{16}$	$5\frac{7}{8}$-6	$6\frac{1}{8}$-$6\frac{1}{4}$	$6\frac{1}{4}$-$6\frac{3}{8}$	$6\frac{1}{2}$-$6\frac{5}{8}$
S. Franc	$1\frac{7}{8}$-2	$2\frac{1}{4}$-$2\frac{5}{8}$	$3\frac{3}{16}$-$3\frac{1}{2}$	$4\frac{1}{16}$-$4\frac{3}{16}$	$4\frac{5}{16}$-$4\frac{7}{16}$	$4\frac{5}{16}$-$4\frac{7}{16}$
Deutschm'rk	$5\frac{1}{16}$-$5\frac{3}{16}$	$5\frac{1}{16}$-$5\frac{3}{16}$	$5\frac{13}{16}$-$5\frac{15}{16}$	$6\frac{1}{16}$-$5\frac{15}{16}$	$5\frac{13}{16}$-$5\frac{15}{16}$	$6\frac{1}{8}$-$6\frac{1}{4}$
Fr'nch Franc	$11\frac{7}{8}$-$12\frac{1}{8}$	$11\frac{7}{8}$-$12\frac{1}{8}$	$11\frac{7}{8}$-$12\frac{1}{8}$	$12\frac{5}{16}$-$12\frac{11}{16}$	$13\frac{3}{4}$-14	$14\frac{5}{8}$-$14\frac{7}{8}$
Italian Lira	$15\frac{3}{4}$-$16\frac{3}{4}$	16-17	$16\frac{5}{8}$-$17\frac{1}{8}$	$17\frac{1}{8}$-$17\frac{5}{8}$	$17\frac{3}{4}$-$18\frac{1}{4}$	$18\frac{1}{4}$-$18\frac{7}{8}$
Belg. Franc Conv.	$8\frac{1}{2}$-9	$8\frac{1}{2}$-9	$8\frac{1}{2}$-9	$9\frac{1}{4}$-$9\frac{3}{4}$	$9\frac{1}{2}$-10	10-$10\frac{1}{2}$
Fin.	8-$8\frac{1}{2}$	$8\frac{3}{4}$-9	$8\frac{3}{4}$-9	$9\frac{3}{8}$-$9\frac{5}{8}$	$9\frac{3}{4}$-10	10-$10\frac{1}{4}$
Yen	$6\frac{3}{16}$-$6\frac{5}{16}$	$6\frac{3}{16}$-$6\frac{5}{16}$	$6\frac{3}{16}$-$6\frac{5}{16}$	$6\frac{3}{16}$-$6\frac{5}{16}$	$6\frac{3}{16}$-$6\frac{5}{16}$	$6\frac{1}{2}$-$6\frac{5}{8}$
D. Krone	$10\frac{1}{4}$-11	10-11	11-$11\frac{3}{4}$	$11\frac{1}{4}$-$11\frac{7}{8}$	$11\frac{1}{4}$-$11\frac{3}{4}$	11-$11\frac{1}{2}$
Asia $ (Sing.)	$9\frac{1}{2}$-$9\frac{5}{8}$	$9\frac{1}{2}$-$9\frac{5}{8}$	$9\frac{1}{2}$-$9\frac{5}{8}$	$9\frac{11}{16}$-$9\frac{13}{16}$	$9\frac{3}{4}$-$9\frac{7}{8}$	$10\frac{1}{16}$-$10\frac{3}{16}$

FT LONDON INTERBANK FIXING

(11.00 a.m. NOVEMBER 2

3 month U.S. dollars		6 month U.S. dollars	
bid 9 11/16	offer 9 13/16	bid 9 15/16	offer 9 15/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Prime rate	11
Fed funds (lunch-time)	$9\frac{1}{2}$
Treasury bills (13-week)	8.47
Treasury bills (26-week)	8.69

GERMANY

Lombard	5.5
Overnight rate	5.58
One month	5.65
Three months	6.15
Six months	6.20

FRANCE

Intervention rate	12.25
Overnight rate	12.25
One month	12.1875
Three months	12.25
Six months	12.4375

JAPAN

Discount rate	5.0
Call (unconditional)	6.15625
Bill discount (3-month)	6.34375

SWITZERLAND

Discount rate	4
Overnight rate	$1\frac{1}{2}$-$2\frac{1}{2}$
One month	$3\frac{3}{8}$-$3\frac{1}{2}$
Three months	$4\frac{1}{4}$-$4\frac{3}{8}$

NETHERLANDS

Discount rate	5
Overnight rate	$5\frac{1}{4}$-$5\frac{3}{4}$
One month	$5\frac{13}{16}$-$5\frac{15}{16}$
Three months	$6\frac{1}{16}$-$6\frac{3}{16}$
Six months	$6\frac{1}{8}$-$6\frac{3}{8}$

$ CERTIFICATES OF DEPOSIT

One month	9.30-9.40
Three months	9.45-9.55
Six months	9.60-9.70
One year	9.80-10.00

LONG TERM EURO $

Two years	$10\frac{7}{8}$-$11\frac{1}{8}$
Three years	$11\frac{1}{4}$-$11\frac{1}{2}$
Four years	$11\frac{1}{2}$-$11\frac{3}{4}$
Five years	$11\frac{7}{8}$-$12\frac{1}{8}$

SDR LINKED DEPOSITS

One month	$8\frac{5}{8}$-$8\frac{7}{8}$
Three months	$8\frac{27}{32}$-$8\frac{29}{32}$
Six months	$8\frac{7}{8}$-$9\frac{1}{8}$
One year	$9\frac{1}{16}$-$9\frac{3}{16}$

ECU LINKED DEPOSITS

One month	$8\frac{7}{16}$-$8\frac{11}{16}$
Three months	$8\frac{13}{16}$-$8\frac{15}{16}$
Six months	$9\frac{1}{8}$-$9\frac{3}{8}$
One year	$9\frac{7}{16}$-$9\frac{11}{16}$

INTERNATIONAL CAPITAL MARKETS

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which is published monthly. The following are closing prices for November 2.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex O/S Fin 10¼ 90	100	94¼	94⅝	0	−0⅛	11.50
Bank of Tokyo 11 90	100	95⅜	95⅞	0	−0¼	11.98
British Col Hyd 10½ 88	200	97⅜	97⅞	0⅛	+0¼	10.92
Britoil Fin 11⅞ 90	125	100⅛	100⅝	+0⅛	+0⅛	11.79
C.C.C.E. 11¾ 97	100	93¾	94¼	0	−0⅜	12.67
C.C.C.E. 12⅝ 95	75	99¼	99¾	+0⅛	+0⅛	12.69
Can Imp Bk Com 11 90	75	92⅞	93⅜	−0⅜	+0⅜	12.51
Citicorp O/S 10¾ 90	100	93⅛	93⅝	−0⅛	+0⅛	11.86
Citicorp O/S 11¾ 90	100	97⅝	98⅛	0	+0⅛	12.21
Coca Cola Int 9⅞ 92	100	91⅞	92⅜	0	+0⅛	11.32
Cred Suisse BAH 10½ 90	150†	98¼	98¾	−0⅛	0	10.81
Den Norsk Cred 11⅛ 93	50	93⅛	93⅝	0	−0⅛	12.42
Du Pont 11¼ 95	150	99½	99⅝	−0¼	−0⅛	11.34
E.C.S.C. 11⅞ 90	75	99¾	100¼	−0⅛	−0¼	11.85
E.D.C. 11¾ 87	100	100¾	101¼	0	+0⅜	11.42
E.D.F. 11⅛ 93	100	93	93½	0	−0⅛	12.34
E.E.C. 11 87	350	98⅝	99⅛	−0⅛	−0⅛	11.35
E.I.B. 10¾ 93	200	92½	93	−0⅛	0	12.04
E.I.B. 11 91	125	95½	96	+0¼	+0⅛	11.87
E.I.B. 11⅞ 93	150	98	98½	0	0	12.18
Electrolux 10½ 90	50	91¾	92¼	0	0	12.31
Enserch Fin 11⅝ 93	100	96⅛	96⅝	−0⅛	+0⅛	12.26
Fuji Int Fin 10⅞ 90	100†	93⅝	94⅛	0	0	12.25
Gen Elec Credit 9¾ 91	100	91¾	92¼	0	0	11.34
GMAC O/S Fin 10½ 90	200	97⅛	97⅝	−0⅛	+0⅛	11.08
GMAC O/S Fin 11¾ 90	100	99⅛	99⅝	−0¼	−0¾	11.50
Honeywell Int 10¾ 90	100	97¾	98¼	−0⅛	−0⅛	11.17
Indust Bk Japan 10⅞ 88	100	97⅜	97⅞	+0⅛	+0¼	11.54
Japan Air Lines 10⅞ 98	42	92⅞	93⅜	−0⅛	+0½	11.87
Japan Air Lines 11 93	75	95⅝	96⅛	+0⅛	−0½	11.71
J.C. Penny 11⅞ 90	100	100¼	100¾	+0⅛	−0¾	11.76
J. P. Morgan 11⅜ 90 WW	150	97⅛	98⅜	0	−0⅛	11.77
Levi Strauss Int 11 90	75	96⅞	97⅜	0	0	11.91
L.T.C.B. 10¾ 90	100	93¾	94¼	0	+0⅜	12.09
L.T.C.B. 12½ 90	85	102⅛	102⅝	−0¼	−0¼	11.96
Merrill Lynch 10⅝ 90	200	94⅝	95⅛	0	+0⅛	11.76
Mitsubishi Corp 10½ 90	100	94	94½	0	0	11.78
Mitsubishi Fin 11¾ 90	100	96⅜	96⅞	+0⅛	−0⅜	12.11
Nippon Credit 11 90	100	94¾	95¼	0	−0⅛	12.12
O.K.B. 10 91	100	90½	91	+0⅛	0	11.91
Ontario Hydro 10¼ 90	250	94⅛	94⅝	0	0	11.49
Ontario Hydro 11¾ 90	200	100½	101	+0⅛	−0⅛	11.57
Pacific Gas & Elec 12 91	75	102	102½	+0⅛	−0½	11.55
Prudential O/S 10⅝ 93	100	96¼	96¾	+0⅛	−0⅛	11.22
Prudential O/S 12¾ 87	150	104⅝	105⅛	0	+0½	11.15
Saskatchewan Pr 10¾ 90	125	96¾	97¼	−0⅛	−0¼	11.41
Sears O/S Fin 11⅝ 93	150	98⅜	98⅞	0	−0½	11.86
S.N.C.F. 11½ 93	100	97¼	97¾	0	+0¼	11.95
Sth Cal Edison 10½ 90	75	96¾	97¼	−0⅛	0	11.14
Sumitomo Fin 10⅞ 90	100	94⅛	94⅝	−0⅛	−0⅛	12.13
Texaco Capital 9¾ 90	150	92⅞	93⅜	−0⅛	−0⅛	11.30
U.B.S. 10 88	100	98½	99	0	+0⅛	10.33
U.B.S. 11 89	150	100⅞	101⅜	0	−0⅜	10.73
World Bank 10⅝ 88	150	96⅞	97⅜	+0⅛	+0⅛	11.19
World Bank 11⅛ 88	100	99⅛	99⅝	+0⅛	−0⅛	11.40
World Bank 11½ 90	150	98⅝	99⅛	+0½	+0⅜	11.72
World Bank 12 93	200	100	100½	+0⅛	−0⅛	11.94

Av. price changes: on day 0, on week +⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 7¾ 93	100	100⅝	101⅛	+0⅛	−0½	7.25
A.N.A.S. 8¼ 88	100	99⅝	100⅛	+0¼	+0⅛	8.26
Arab Banking Corp 8 88	100	97⅛	97⅝	+0⅛	−0⅛	8.67
Austria, Rep 7⅝ 89	100	99⅝	100⅛	0	+0⅛	7.64
Austria, Rep 8 93	100	101	101½	0	−0¼	7.80
Avon Int Fin 7½ 93	100	100⅝	100⅞	−0⅛	+0⅛	7.38
Beatrice Foods 7¾ 93	130	103⅝	104⅜	0	+0¼	7.17
B.F.C.E. 8¼ 90	150	100⅞	101⅝	+0¼	−0⅛	7.99
Comp Tel Nac Esp 8¼ 93	100	96½	97¾	+0⅛	0	8.71
Dresdner Finance 4 90 WW	250	108⅝	109⅞	+0½	+0⅝	2.47
Dresdner Finance 4 90 XW	250	83⅝	84⅜	−0⅛	0	7.09
E.C.S.C. 8 90	100	100⅞	101⅜	−0¼	−0¼	7.77
E.E.C. 8¼ 93	250	101⅛	101¾	−0⅜	−0⅛	8.01
E.I.B. 8 93	200	99½	100	−0⅛	−0⅛	8.03
Eurofima 7½ 90	100	102	102½	−0½	+1⅜	7.06
Finland Rep 7½ 88	150	99½	100	+0¼	+0½	7.55
Int Standard Ele 7¾ 93	100	102¾	103½	+0⅜	+1⅝	7.28
Ireland 8⅝ 91	150	100⅝	100⅞	−0⅛	0	8.48
Japan Dev Bank 7½ 90	100	101	101¾	+0⅛	+0⅛	7.22
Kobe City 7 93	120	97	97¾	0	+0¼	7.38
L.T.C.B. 8 90	100	102⅛	102⅝	−0⅛	−0⅛	7.53
Renault Acceptance 8 90	150	98⅛	98⅝	0	0	8.31
S.D.R. France 7⅞ 93	100	97⅛	97⅞	0	0	8.25
Sth African Tran 8¼ 90	100	99¼	99⅝	−0⅜	0	8.38
World Bank 7½ 90	250	98	98½	0	+0⅛	7.84
World Bank 7⅞ 89	300	100⅝	101⅜	+0¼	+0⅜	7.65

Av. price changes: on day 0, on week +¼

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bank of Tokyo 6 91	100†	101¾	102¼	−0½	+0⅛	5.67
Bergen, City of 5¾ 95	40†	99½	100	+0½	+1	5.78
Denmark 6⅛ 91	100†	102	102½	+0⅜	0	5.99
E.D.C. 5⅜ 91	100†	100½	101	+0⅛	+0⅜	5.25
E.D.C. 6 93	100†	101	101½	+0⅜	+0⅝	5.83
Europarat 6¼ 93	100†	98	98½	−0¼	−0¾	6.37
Ex-Im Bk Japan 5⅝ 91	100†	99¾	100¼	+0¼	−0⅛	6.62
Ind Fund Finland 6¼ 91	40†	101	101½	+0⅜	0	6.04
Int-Am Dev Bk 6 93	100†	97	97½	+0⅛	−0½	6.38
Int-Am Dev Bk 6⅛ 93	100†	99¾	100¼	+0¾	−0⅛	6.12
Japan Dev Bank 5⅞ 93	100†	101½	102	+0⅛	−0⅛	5.64
Kansai Ele Power 6 91	100†	101	101½	−0½	−1	5.79
Kawasaki Steel 6⅛ 91	100†	100½	101	+0¼	−0⅜	5.99
Manitoba Prov 5½ 93	100†	100½	101	+0¼	+0⅛	5.40
Montreal Urban 5¾ 93	100†	101	101½	+0⅜	+0⅛	5.57
Mount Isa Finance 6 93	100†	102	102½	+0⅜	−0⅛	5.69
NTG Bk Denmark 6¼ 91	80†	96¼	96¾	+0⅛	−0⅜	6.83
New Brunswick 5¾ 93	100†	101¼	101¾	0	+0⅜	5.55
Nisshin Steel 6¼ 91	100†	99¾	100¼	0	−0⅛	6.24
Osterr Draukraft 6 93	100†	102	102½	+0¼	0	5.69
Osterr Post 6⅛ 91	100†	103	103½	+0¼	+0⅜	5.58
Sumitomo Heavy Ind 6 91	100†	99⅝	100¼	+0⅛	−0⅛	6.00
Sumitomo Metal Ind 6 91	100†	100	100½	+0⅛	−0⅜	5.95
Tokyo Elec Power 5⅜ 91	100†	101	101½	−0⅛	−0⅜	5.67
Trizec Corp 6⅛ 93	100†	98¼	98¾	+0⅛	−2⅛	6.33
World Bank 5⅝ 93	100†	90¾	91¼	−7¾	−7⅞	6.94

Av. price changes: on day −⅛, on week −½

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅝ 92	15	105	105½	0	+0¼	7.79
E.I.B. 8¼ 92	15	102¾	103½	0	0	7.73
Japan Airlines 7⅞ 87	9†	101½	102½	0	−0¼	7.15
New Zealand 7⅝ 89	15	102¼	102¾	+0⅛	+0¼	7.08
World Bank 8⅜ 92	20	103¾	104½	0	+0¼	7.68

Av. price changes: on day 0, on week +½

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Farm Credit 12⅛ 90 CS	75†	99	99½	−0⅛	+0⅜	12.41
Norcan 12¾ 93 CS	60†	96⅝	97⅛	0	0	13.31
TD MTG Corp 12½ 88 CS	40†	100¼	100¾	0	−0⅛	12.33
Quebec Hydro 12¾ 93 CS	50†	100⅜	100⅞	−0⅛	+0¼	12.62
Royal Trstco 12⅝ 88 CS	50†	100	100½	−0½	+0⅜	12.55
World Bank 12¼ 90 CS	75†	100⅛	100⅝	0	+0⅜	12.16
Xerox Canada 12 88 CS	40†	102	102½	−0½	0	11.34
E.E.C. 11¼ 93 ECU	70	100⅛	100⅞	0	+0⅛	11.15
Genfinance 11 90 ECU	60	98⅞	99⅜	0	−0⅛	11.26
Algemene Bank 8¾ 88 Fl	150	100½	101	0	0	8.54
Bank Mees & Hope 9 88 Fl	75	100⅝	101⅛	−0¼	−0¾	8.70
Elect Sup Brd 8⅛ 88 Fl	75	97⅝	98⅛	0	−0¼	9.31
P.H.P. 8¾ 88 Fl	50	99⅞	100⅜	−0⅛	−0⅝	8.78
Swed Exp Cred 7¾ 88 Fl	100	99⅞	100⅜	−0⅛	−0⅝	8.79
World Bank 9 88 Fl	100	96⅛	96⅝	0	0	8.75
O.K.B. 14 86 FF	400	102¼	102¾	0	−0⅛	8.34
Solvay & Cie 14¾ 86 FF	200	100⅝	101⅛	−0⅛	+0⅛	13.38
B.F.C.E. 11½ 88 £	50	101⅜	102⅛	−0⅛	+0¼	13.53
British Oxyg 11¼ 91 £	50	99⅛	99⅝	+0⅛	+0½	11.60
CEPME 11⅛ 85 £	35†	100	100⅝	−0¼	−0¼	11.64
CIBA-Geigy Int 8¾ 93 £	25	99¼	100¼	+0⅛	+0⅛	11.27
E.E.C. 11⅛ 91 £	50	97¾	99	−0⅜	+0⅞	6.98
E.E.C. 11⅞ 93 £	50	100⅞	101⅜	0	+0⅜	11.64
Fin For Ind 10½ 90 £	20	100⅜	101½	−0⅛	+0⅛	11.67
Finland Rep 11⅞ 88 £	50	94½	95½	0	+0⅛	11.60
Fin Mat Oranj 12⅝ 92 £	30	99⅞	100⅝	0	+0¼	11.78
Gen Elec Co 12½ 89 £	50	103½	104⅛	0	+0⅜	11.98
I.I.I. 10¾ 93 £	25	102⅞	103⅞	0	+0¼	11.67
Mort Bk Fin 11⅜ 89 £	15	94½	95¼	−0½	+0½	11.64
Norsk Hydro 12 90 £	30	97⅛	98⅛	+0⅛	+0⅛	12.32
Sweden 11¼ 93 £	50	102⅛	102⅞	+0⅛	+0½	11.39
Swed Exp Cred 11⅛ 88 £	30	97½	98¼	+0⅛	+1	11.81
World Bank 11⅛ 88 £	100	97⅞	98⅝	+0⅛	+0⅜	11.72
Euratom 11 93 LuxFr	500	98¼	99	0	+0¼	11.49
Europarat 10¾ 93 LuxFr	600	102	103	0	−0⅛	10.54
		102⅜	103⅛	0	−0⅛	10.24

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
B.F.C.E. 5⅛ 88	0¼	99¾	100¼	20/1	10.18	10.18
Caisse Nat Tele 5¼ 90	0¼	99½	99¾	21/4	10	10.04
C.C.F. 5⅛ 95	0¼	99½	99¾	7/4	9.94	9.97
C.C.F. 5¼ 98	0⅛	99⅞	100⅛	24/3	10.19	10.19
Cepme 5⅛ 88 WW	0¼	99¾	100¼	3/12	10.56	10.56
Cepme 5⅛ 92	0¼	99⅞	100⅛	10/12	10½	10.50
Chemical NY 5¼ 94 ††	0¼	100½	100¾	23/12	10	9.94
C.N.C.A. 5⅛ 95 XW	0⅛	98½	99¾	7/12	10	10.04
C.N.T. 5¼ 91	0⅛	99½	99¾	6/11	9¼	9.28
Credit Agricole 5⅛ 97	0¼	99⅝	100⅛	24/3	10.31	10.33
Credit Foncier 5¼ 93	0¼	99⅝	99⅞	6/4	10	10.02
Credit Lyonnais 5¼ 94	0¼	99⅝	99⅞	5/1	10.31	10.34
Credit Lyonnais 5¼ 97	0¼	99⅝	100⅛	1/4	10	10.01
Credit Nat 5¼ 94	0½	99¾	100¼	8/3	10⅝	10.75
Denmark Nat 5¼ 90	0¼	99⅜	99⅝	12/4	10	10.05
Dresdner Fin 5⅛ 93 WW *†	0⅛	107¼	107¾	. /4	9.94	9.24
Dresdner Fin 5⅛ 93 XW	0⅛	100⅛	100½	19/4	9.94	9.90
E.D.F. 5⅛ 95 XW	0⅛	100	100¼	10/2	11⅜	11.36
E.E.C. 5 90	0⅛	100	100½	5/1	10.19	10.15
Hispano 5⅛ 95	0¼	98½	98¾	20/4	10	10.14
NZ Steel Dev 5⅛ 92	0¼	100	100½	22/12	10¼	10.22
Nippon Credit 5⅛ 90	0⅛	100⅜	100⅞	10/2	11¼	11.18
Soc Generale 5¼ 90 XW	0¼	99½	99¾	9/11	9⅛	9.19
Société Générale 5¼ 95	0¼	99⅞	100⅜	1/3	10.31	10.30
Sweden 5¼ 89	0¼	100	100¼	26/2	10.19	10.18
Sweden 5¼ 93	0¼	100⅜	100⅝	3/2	11.19	11.12

Av. price changes: on day +⅛, on week +⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Bridgestone Tire 5½ 96	3/82	470	122⅞	123⅞	+0⅛	2.55
Canon 7 97	7/82	748.2	209¾	211½	+0⅜	12.48
Daiwa Sec Co 5½ 98	10/83	508	97⅜	98⅝	−0⅛	4.26
Hitachi Cable 5⅛ 98	2/82	515	106⅞	107⅞	−0⅜	7.14
Honda Motor 5⅛ 98	6/83	884	118	119	+2½	3.41
Honda Motor 5½ 97	3/83	759.6	137½	138⅝	−3	3.46
Konishiroku Photo 4 98	10/83	673	99	100	+0⅜	1.58
Kyowa Hakko 6¼ 97	2/83	782	109⅝	111⅛	+0½	10.54
Minebea Co Ltd. 6½ 98	5/83	667	114⅜	115⅜	−0⅝	2.21
Mitsubishi Electric 5⅛ 98	6/83	396	110½	111½	+0⅛	1.88
Nippon Electric 5⅛ 97	2/82	765.9	164⅛	166⅛	−0⅝	8.26
Nippon Oil Co 5½ 98	4/83	904	117½	118¼	+0½	3.86
Nissan Motor 5⅜ 98	4/83	770	102⅜	103⅜	−0⅜	9.64
Olympus Optical 6¾ 97	12/82	1331	100⅛	101⅝	−0⅜	21.37
Orient Finance 5⅛ 97	3/82	927.2	96	97½	−1⅜	7.47
Orient Leasing 5⅛ 98	6/83	2680	94¾	95¾	+0⅛	7.68
Secom 5 98	11/83	2920	127½	129	+1	−0.23
Sumitomo Electric 5½ 97	3/82	577.3	121	122½	+0⅜	2.84
Yamaichi Sec Co 5 98	6/83	472	96⅞	98⅜	0	3.87
Yamanouchi Pharm'cal 4 90	10/83	1800	95½	96½	+0¼	7.28
NEC Corp 3½ 93 SF †	6/83	978	138	140	−1	−2.43
Settsu Paper 3⅝ 93 SF †	9/83	716	102	104	−0½	9.16
Asics 5 92 DM	12/83	520	106½	107¼	−0⅜	10.48
Konishiroku 6⅛ 98 DM	6/82	616	120	121	−0½	−1.29
Sow Realty 6⅛ 92 DM	2/83	365	122⅞	123⅞	+0⅜	−3.36

* No information available–previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Co. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Denmark to raise £100m in market

BY MARY ANN SIEGHART IN LONDON

DENMARK is tapping the newly-reopened sterling floating rate note market for £100m with a bond that has the longest-ever life in this market.

S. G. Warburg won the lead-management mandate after heavy competitive bidding from other British merchant banks. The bond has a 15 year life, with optional redemptions for the investor after 10, and for the borrower after five years. The interest paid will be ¼ point over the mean of the 3-month domestic London interbank bid and offered rates – the rates at which banks borrow and lend to one another in the interbank market.

Despite terms that were conceived to be tight, the issue performed very well, trading at a discount of about 0.40 point, within its 0.625 point selling concession. The total front-end fees are 1.125 per cent.

In the dollar market, the only new issue was a $100m, 10-year deal for Long Term Credit Bank of Japan. The bond has a 12 per cent coupon at par and is led by Morgan Guaranty together with Credit Suisse First Boston, Salomon Brothers and LTCB International. The fact that the bond involves an interest rate swap may explain its tight pricing – it only pays ⅛ point more than the recent Nippon Credit Bank $100m deal, though its life is three years longer. It traded at a discount of about 1¼ points yesterday – outside its selling concession.

The dollar, Swiss franc and D-Mark secondary markets were all quiet yesterday, with prices closing unchanged.

● Following its success with sterling/dollar currency options a month ago, Salomon Brothers yesterday launched similar instruments for conversion between D-Marks and U.S. dollars. There are 250,000 "put" warrants, which enable the holder to sell D-Marks at the rate of DM 2.67 to $1, and 250,000 "call" warrants to buy D-Marks at DM 2.58 to $1. At a spot price of $1 to DM 2.65, the call warrants were being offered at $16.60 and the puts at $9.50. Both have a one-year life.

BHF Bank bond average		
Nov 2		Previous
98.721		98.749
High	1983	Low
102.017		97.699

BASE LENDING RATES

A.B.N. Bank	9 %	Heritable & Gen. Trust	9 %
Allied Irish Bank	9 %	■ Hill Samuel §	9 %
Amro Bank	9 %	C. Hoare & Co. †	9 %
Henry Ansbacher	9 %	Hongkong & Shanghai	9 %
Arbuthnot Latham	9 %	Kingsnorth Trust Ltd.	10 %
Armco Trust Ltd.	9 %	Knowsley & Co. Ltd.	9½%
Associates Cap. Corp.	9½%	Lloyds Bank	9 %
Banco de Bilbao	9 %	Mallinhall Limited	9 %
Bank Hapoalim BM	9 %	Edward Manson & Co.	10 %
BCCI	9 %	Meghraj and Sons Ltd.	9 %
Bank of Ireland	9 %	Midland Bank	9 %
Bank Leumi (UK) plc	9 %	■ Morgan Grenfell	9 %
Bank of Cyprus	9 %	National Bk. of Kuwait	9 %
Bank of Scotland Ω	9 %	National Girobank	9 %
Banque Belge Ltd.	9 %	National Westminster	9 %
Banque du Rhone	10 %	Norwich Gen. Tst.	9 %
Barclays Bank	9 %	R. Raphael & Sons	9 %
Beneficial Trust Ltd.	10 %	P. S. Refson & Co.	9 %
Bremar Holdings Ltd.	9 %	Roxburghe Guarantee	9½%
Brit. Bank of Mid. East	9 %	Royal Trust Co. Canada	9 %
■ Brown Shipley	9½%	Standard Chartered ‖	9 %
CL Bank Nederland	9 %	Trade Dev. Bank	9 %
Canada Perm't Trust	10 %	TCB	9 %
Castle Court Trust Ltd.	9½%	Trustee Savings Bank	9 %
Cayzer Ltd.	9 %	United Bank of Kuwait	9 %
Cedar Holdings	9 %	United Mizrahi Bank	9 %
■ Charterhouse Japhet	9 %	Volkskas Intnl. Ltd.	9 %
Choulartons	10½%	Westpac Banking Corp.	9 %
Citibank Savings ¶	10½%	Whiteaway Laidlaw	9½%
Clydesdale Bank	9 %	Williams & Glyn's	9 %
C. E. Coates	9½%	Wintrust Secs. Ltd.	9 %
Comm. Bk. of N. East	9 %	Yorkshire Bank	9 %
Consolidated Credits	9 %		
Co-operative Bank *	9 %		
The Cyprus Popular Bk.	9 %		
Dunbar & Co. Ltd.	9 %		
Duncan Lawrie	9 %		
E. T. Trust	9½%		
Exeter Trust Ltd.	10 %		
First Nat. Fin. Corp.	11 %		
Edward Manson & Co.	10 %		
Robert Fraser	10 %		
Grindlays Bank ‡	9 %		
■ Guinness Mahon	9 %		
■ Hambros Bank	9 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 5.5%. 1-month 5.75%. Short-term £8,000/12 months 8.1%.
† 7-day deposits on sums of: under £10,000 5½%. £10,000 up to £50,000 6½%. £50,000 and over 7½%.
‡ Call deposits £1,000 and over 5½%.
‖ 21-day deposits over £1,000 6½%.
§ Demand deposits 5½%.
¶ Mortgage base rate.
Ω Money Market Cheque Account= 8.80%. Effective annual rate — 9.16%.